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Funding commitments

Status of regular funding commitments to UNDP and its associated funds and programmes for 2007 and onwards*

Summary

In decision 98/23, the Executive Board designated its second regular session each year, starting in 1999, as the time to review the status of regular funding commitments to UNDP and its associated funds and programmes. In line with that decision and building on the approach taken in that context, the present report presents the status of regular funding commitments for 2007 and onwards, and a summary of the provisional income for regular and other resources received in 2006.

Elements of a decision

The Executive Board may wish to note that after exceeding the annual targets for 2004 and 2005, UNDP has not been able to meet the third (2006) annual funding target of its second multi-year funding framework (MYFF), covering the period 2004-2007. Current projections suggest, however, that meeting the overall MYFF target by 2007 – the end year of the current cycle – is within reach.

The Executive Board may wish to stress that regular resources form the bedrock of UNDP finances and to request all countries that have not yet done so to provide contributions to regular resources for 2007.

The Executive Board may also wish to encourage those countries that have already made their contributions to consider supplementing their 2007 contributions, if they are in a position to do so, so as to regain the momentum in rebuilding the regular resource base of UNDP.

The Executive Board may further wish to encourage Member States to announce pledges, on a multi-year basis if feasible, and payment schedules for the new planning cycle covering the period 2008-20011, and to adhere to such pledges and payment schedules thereafter.

* The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present report.

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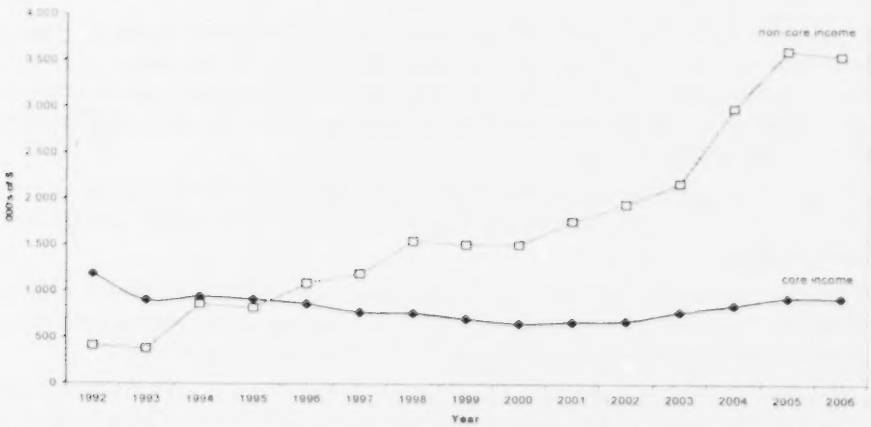
I. Introduction

1. The upward trend in contributions to regular (core) resources, initiated in 2001, was consolidated in 2006 after five consecutive years of growth. The $924 million gross regular income reached the same level attained in 2005, falling short, however, of the $1 billion interim target set by the multi-year funding framework (MYFF 2004-2007) for 2006. Volume increases in regular contributions in nominal local currency terms and exchange rate gains were offset by shortfalls with respect to actual 2006 payments.

2. The total income of UNDP and its associated funds and programmes reached almost $4.8 billion in 2006, with other (non-core) contributions to UNDP itself reaching nearly $3.8 billion. Non-core (earmarked) contributions from bilateral Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC) donor governments surpassed $1 billion. Virtually all OECD/DAC donors are active in co-financing UNDP programmes. Non-core resources entrusted to UNDP by non-bilateral partners, such as the European Commission, the World Bank and the Global Fund to Fight Aids, Tuberculosis and Malaria reached close to $1.2 billion. Local resources, channeled through UNDP by programme country governments and other local partners in support of their own national development, amounted to close to $1.4 billion, an increase of 24 per cent compared to 2005. As aid mechanisms available at the country level diversify and multiply, UNDP continues to be called upon to support governments to obtain, direct and manage different types of funding in accordance with national priorities.

3. Other (earmarked) resources represent an important complement to the regular resource base of UNDP. However, with non-core income far outpacing core income growth, as illustrated in figure 1 below, the ratio of earmarked to un-earmarked resources remains unbalanced. The ability of UNDP to fulfil its mandate and deliver effective capacity building support for development, including with the help of earmarked funding, critically depends on a level of core funding sufficient to enable UNDP to pursue flexible, integrated management approaches focused on long-term effectiveness and sustainability.

Figure 1: UNDP core and non-core income 1992-2006
(in current dollars)



II. Background

4. In decisions 98/23, 99/1 and 99/23 – reaffirmed in decisions 2002/9, 2002/18, 2003/24, 2004/14 and 2005/20 – the Executive Board put in place a funding system for UNDP designed to foster a continuous, transparent dialogue on regular funding; to facilitate the mobilization of adequate regular resources; and to enhance predictability. Within this framework, the Board adopted an annual funding target of $1.1 billion by 2007 and stressed the urgent need to

achieve annual increases until the target is met. In decisions 2003/8, 2003/11 and 2004/29 the Board welcomed the encouraging but modest increase in contributions to regular resources, but recognized that the level of growth falls short of the agreed target.

5. The MYFF for the period 2004 to 2007, endorsed by the Board in its decision 2003/24, reaffirms the critical importance of securing an adequate level of regular resources. As reflected in the first and second reports on the MYFF (DP/2005/16 and DP/2006/18, respectively), the gross regular resource income achieved in 2004 and 2005 exceeded the respective annual MYFF targets. In decisions 2005/23 and 2006/24, the Board welcomed the fact that UNDP had met the first and second annual funding targets, and noted that a stable, adequate base of regular resources was within reach, provided that UNDP continued to follow the directions of the MYFF and that Member States not only sustained but increased their funding efforts over the full period of the MYFF. The Board also noted with concern that the projected level of growth could fall short of the agreed target for 2006, and again urged countries in a position to do so to increase their core funding to UNDP to contribute to the attainment of this target.

6. **The United Nations Capital Development Fund (UNCDF).** The current UNCDF business plan and the UNDP draft strategic plan, 2008-2011, underscore the strategic importance of the UNCDF investment mandate and its focus on the least developed countries (LDCs). In 2006, UNCDF programmatic investments in local development and microfinance grew to $25 million and are planned to increase further to $41 million for 2007 to support joint UNCDF and UNDP programmes in 35 LDCs. To reach its programmatic objectives for 2008-2011, UNCDF will require a substantial increase in programme resources. Against this background, UNDP and UNCDF are exploring alternative financing options that would allow UNCDF to achieve an appropriate level of predictable core funding for its investment activities in the LDCs during the strategic plan period.

7. **The United Nations Women's Fund (UNIFEM).** The UNIFEM strategic plan, 2008-2011, has been crafted at a watershed moment in United Nations support for gender equality and women's empowerment. The leadership of the United Nations has articulated its endorsement for enhancing the coherence, authority, status and resources of the entities that provide technical support for gender equality in the United Nations system. Member States are debating the guidance that they will provide on strengthening the United Nations architecture that supports gender equality in the context of United Nations reform. Without preempting guidance from Member States, UNIFEM has devised a strategic plan that will enable it to move forward in implementing its core business: supporting countries to advance gender equality and women's empowerment in line with their national priorities. Linking normative commitments to operational realities will be a primary contribution of UNIFEM to demonstrating the 'how' of achieving gender equality at the country level; to achieving greater synergy and coherence in the work of the United Nations; and, ultimately, to attaining the MDGs by 2015.

8. **The United Nations Volunteers programme (UNV).** UNV actively promotes and advocates for volunteerism as a development concept – 'Volunteerism for Development (V4D)'. The UNV business model, which guides its collaboration with partners, comprises three overlapping clusters of activities: (a) advocating for the concept of V4D; (b) pursuing the integration of V4D into partners' development planning and programming; and (c) the mobilization of volunteers, including but not limited to UNV volunteers. At the heart of this approach is the conviction that voluntary action by millions of people in programme countries and elsewhere is a vastly under-recognized and under-utilized resource that needs to be engaged strategically if the challenge of attaining the MDGs is to succeed. By implementing its business model, UNV can make distinctive contributions to development effectiveness in three areas in particular: (a) improving access to opportunities, services and service delivery for disadvantaged groups and communities, and enhancing the delivery of such services; (b) inclusion and active participation of all stakeholders, in particular the disadvantaged, in processes that affect their well-being; and (c) community mobilization through voluntary action to address local development issues. In 2006, more than 7,600 women and men from 163 countries served as UNV volunteers in 144 countries. 76 per cent of the volunteers were

nationals of developing countries, reaffirming the UNV programme as a concrete expression of South-South cooperation. In financial terms, the magnitude of the programme surpassed $175 million, some 3 per cent of which was financed from the Special Voluntary Fund (SVF).

III. Preparatory process

9. At the beginning of May 2007, the secretariat of the Executive Board wrote to all States members of UNDP to outline the preparatory process for the annual funding meeting, 2007. In line with Executive Board decisions 98/23 and 99/1 – reaffirmed in decisions 99/23, 2000/1, 2002/9, 2004/14, 2005/23 and 2006/24 – members were requested to communicate in writing their voluntary contributions for UNDP and its associated funds and programmes and were encouraged to provide multi-year pledges and fixed payment schedules. As with previous annual funding meetings, members of the Programme were encouraged to address three of the five main elements of Executive Board decision 98/23: volume of regular resources; predictability; and measures to reduce financial dependence on a limited number of donors.

10. As of the time of preparing the present report, 41 countries already indicated their 2007 pledges and, in a few cases, for 2008 as well. However, a number of State members were not yet in a position convey their pledges. Tables 1 and 2 in the statistical addendum to this report have been prepared based on the information received and on the best estimates of the secretariat concerning 2007 contributions. Table 3 in the addendum provides information on government in-kind contributions. It is important to bear in mind that all 2006 figures are provisional and subject to modification upon confirmation of actual income figures for the year.

IV. Volume

A. Regular resources

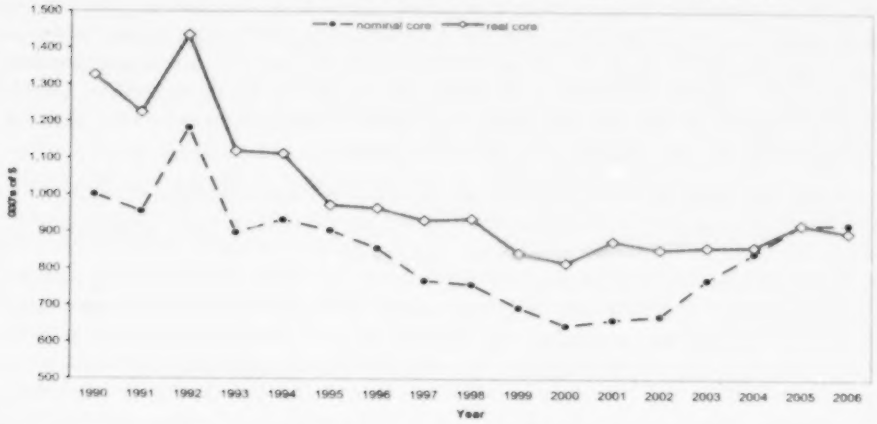
11. Following five consecutive years of increases in since 2001, when they increased for the first time after seven years of steady decline, UNDP regular resources stagnated in 2006. Provisional data show that contributions to regular resources for 2006 reached $924 million with the Netherlands, Sweden, Norway, the United States and the United Kingdom, in that order, being the five largest donors in absolute dollars terms. Current projections suggest that almost all OECD/DAC donors will either maintain or increase their contributions in 2007. Based on the official United Nations exchange rates as at 1 May 2007, contributions are expected to approach the MYFF target of $1.1 billion.

12. Thirteen OECD/DAC members increased their contributions to regular resources in 2006, a number of them for the fifth consecutive year. Spain doubled its contribution, and two other donors – Ireland and Luxembourg – increased theirs by 20 per cent or more. Two – Norway and the United Kingdom – increased their contributions by 10 per cent or more. Two were unable to contribute to the core budget at all. Seven – Austria, Finland, Luxembourg, Spain, Sweden, the United Kingdom and the United States – increased their contributions annually over the full period of the MYFF. Exchange rate fluctuations had a modest positive effect on UNDP core income, accounting for approximately 5 per cent of the increased contributions in regular income in 2006.

13. The political commitment of Member States to an enhanced regular resource base for UNDP is also reflected in the fact that 33 programme countries made contributions to the regular resources of the organization in 2006, including 12 which increased or resumed contributions, often despite considerable internal constraints. In 2005, 37 programme countries made contributions to regular resources, with 15 increasing or resuming contributions. Five programme countries – China, Cuba, India, Republic of Korea and Saudi Arabia – contributed in excess of $1 million to UNDP regular resources in 2006.

14. Historical and projected income figures for UNDP are expressed traditionally in nominal terms (dollars, at current values) and cannot capture the variation in the real value of UNDP income resulting from inflation and exchange rate variations. While core income expressed in nominal terms has increased by 10 per cent between 2004 and 2006, real core income adjusted for both inflation and the performance of the dollar vis-à-vis other currencies grew by less than 5 per cent during this period (figure 2). The UNDP funding base remains exposed to exchange rate fluctuations. Reducing this vulnerability and mobilizing an adequate, predictable level of regular resources remains a top priority.

Figure 2: UNDP core income in nominal and real terms
(nominal income in current dollars; real income expressed in constant 2005 dollars)



15. The Executive Board recognized, in its decision 2002/16, that the ability of UNDP to fulfil its mandate and to preserve its multilateral, impartial and universal character depends on its having an adequate and secure regular funding base. The issue of restoring growth and enhancing predictability to the regular funding of United Nations development activities has been discussed widely, including in the context of the Triennial Comprehensive Policy Review (E/2004/5) and General Assembly resolutions 56/201 and 59/250. The funding of United Nations development activities also forms an integral part of the recommendations of the Secretary General's High-level Panel on United Nations System-wide Coherence.

B. UNDP other (non-core) resources

16. Other ('non-core') resource contributions decreased slightly in 2006. Provisional data show that total non-core contributions reached $3.79 billion, a slight decrease compared with the level achieved in 2005. Bilateral contributions from OECD/DAC donor governments amounted to almost $1.029 billion. Virtually all OECD/DAC donors are active in co-financing UNDP programmes. In addition, non-core resources entrusted to UNDP by non-bilateral partners and multilateral funds, such as the European Commission, the World Bank and the Global Fund to Fight Aids, Tuberculosis and Malaria, reached $1.2 billion. Local resources, channelled through UNDP by programme country governments and other local partners in support of their own national development, amounted to $1.4 billion, an increase of 24 per cent compared to 2005. Other ('non-core') resources represent an important complement to the regular resource base of UNDP; however, regular and other resources are not interchangeable. Non-core resources represent earmarked contributions to specific themes, programmes and activities, and tend to be geographically concentrated.

17. **UNCDF.**: In 2006, UNCDF achieved its programmatic results and outcomes but was less successful in achieving its resource mobilization targets. Contributions to UNCDF (core and non-core) totalled $22 million in 2006. Core resources increased from $9.5 million in 2005 to $13.9 million in 2006. This growth reflected a 40 per cent increase in the number of core donors contributing to the Fund, and increased contributions from existing core donors. Non-

core contributions decreased from $10.3 million in 2005 to $8.1million in 2006. That notwithstanding, projections of non-core contributions indicate that the trend of increasing levels of non-core resources that started in 2003 will continue, and may surpass the $15 million mark in 2007.

18. **UNIFEM.** Under the previous multi-year funding framework (MYFF) through 2004-2006, UNIFEM total resources increased 14 per cent, from $49.2 million in 2004 to $56.3 million in 2006. UNIFEM raised a total of $160 million over the three years, against a projected $121.3 million anticipated in the MYFF. The increase was largely due to the expansion of non-core resources, from $25.9 million in 2004 to $31.3 million in 2006. On the other hand, core resources stagnated, moving from $23.2 million in 2004 to $25 million in 2006. This is reason for concern, as core resources constitute the bedrock of UNIFEM work and its ability to plan effectively. UNIFEM is looking to a broad array of donors for core funding support in 2007 to enable it to achieve the results outlined in its strategic plan and to advance gender equality worldwide in the context of the MDGs. As the demand for UNIFEM technical assistance, gender expertise and policy advocacy continues to grow; it is vital that it receive the funding levels necessary to realize its mandate.

19. **UNV.** The importance of the SVF as the primary means through which UNV can continuously develop innovative approaches to increasing the relevance and effectiveness of its work cannot be overemphasized. The SVF – even though a small fund – enables UNV to test ways in which domestic and international volunteerism can best be harnessed as a strategic force in support of the MDGs. By mobilizing an increasingly broad range of volunteers for development and peace, extending the integration of volunteerism into development programming, and scaling-up its global advocacy work, the contribution of UNV towards achieving the MDGs will be maximized. Contributions to the SVF reached $ 5.5 million in 2006, slightly higher than half the optimal level of $10 million per annum endorsed by the Executive Board in June 2004.

V. Predictability

20. The voluntary nature of core income exposes UNDP to the volatility of official development assistance (ODA) flows. While UNDP core resources account for less than 1 per cent of total ODA, historical evidence indicates that UNDP core income has been closely correlated with overall ODA trends. Based on past evidence and expressed in real terms, UNDP core income has been particularly responsive to reductions in ODA while only moderately responsive to increases in ODA. In the period 1992-1997, a 20 per cent decrease in ODA was accompanied by a more-than-proportional 35 per cent decrease in core contributions to UNDP, whereas in the period 2000-2005, a 49 per cent increase in ODA was accompanied by a less-than-proportional 10 per cent increase in real contributions to the core[1]. Based on the decline in ODA observed in 2006, the 2006 growth pattern for UNDP core income (corresponding with a decline when adjusted for both inflation and exchange rate variations) is consistent with the historical trend described above.

21. As reflected in General Assembly resolution 59/250 on the Triennial Policy Review of Operational Activities for Development of the United Nations System, and as outlined in Executive Board decision 98/23 – and reaffirmed in decisions 99/1, 99/23, 2002/9, 2004/29, 2005/23 and 2006/24 – Member States are encouraged to provide multi-year pledges in order to enhance the predictability of regular resources. At the time of writing, 41 countries had made indicative pledges for 2007, 11 of which are OECD/DAC donors. Ten OECD/DAC donors now

[1] Expressed at current (nominal) prices, in the period 1992-1997, an 8 per cent decrease in ODA was accompanied by a more-than-proportional 35 per cent decrease in core contributions to UNDP, whereas in the period 2000-2006, a 138 per cent increase in ODA was accompanied by a less-than-proportional 43 per cent increase in contributions to the core (ODA figures based on net ODA total from DAC Member States; UNDP core income adjusted for inflation and exchange rate variability using the OECD/DAC composite deflator and expressed in constant 2005 dollars).

pledge their core contributions on a multi-year basis, thus expressing their strong political support to the organization. A number of the multi-year pledges cover the full MYFF period, and one also entails commitments for annual increases. As the organization nears the end of the second MYYF period, it is critical that donors commit to new multi-year pledges to ensure the predictability of resource flows beyond 2007. Members unable to provide a multi-year pledge formally – owing to national legislative or other restrictions – are encouraged to provide indicative amounts for forthcoming years.

22. The Executive Board determined, in its decision 98/23, that the predictability of core resources could be enhanced if States members of the Programme announced specific payment schedules, with early payment encouraged. In paragraph 12 (b) (iii) of its decision 98/23, the Board decided, inter alia, to review, at the funding meeting, the timing of payments made in the previous calendar year. In 2005, a total of 11 OECD/DAC donor countries provided fixed payment schedules (the same number as in 2003 and 2004), compared to 14 that indicated fixed schedules in 2002 and 15 that did so in 2000. However, of the 11 OECD/DAC countries that provided payment schedules in 2003, 2004 and 2005, many did not pay according to the payment schedule provided. By July 2006, 63 per cent of estimated gross income had been received, compared with 60 per cent in 2004, 47 per cent in 2003 (the last year of the previous MYFF cycle) and 54 per cent in 2000. Although a number of donors paid significant proportions of their pledges in the last quarter, the operational reserves did not have to be used.

23. In the statistical annex presented in conjunction with this document, table 3 provides a payment schedule for 2007 contributions communicated to the Executive Board secretariat at the time of writing this report. The secretariat notes with appreciation the efforts to date on the part of those OECD/DAC donors that communicated payment schedules, as well as the efforts made by four OECD/DAC members to pay their contribution early and in full. Member States that have not already done so are strongly encouraged to inform the secretariat of their intended payment schedules, including, where possible, early payment. All members are encouraged to adhere to the same schedule in terms of currency and timing of payments.

VI. Reducing over-dependence on a limited number of donors

24. In its decisions 98/23 and 99/1, the Executive Board recognized that overdependence on a limited number of donors carries risks for the long-term financial sustainability of UNDP. Accordingly, it urged all donors and programme countries in a position to do so – most recently in its decision 2005/23 – to increase their contributions to regular resources. It is estimated that the top 10 donors to UNDP will provide close to 81 per cent of total 2007 regular resources. In 2000, the top 10 donors accounted for 86 per cent of total contributions to regular resources. With the aim of reducing overdependence and broadening the donor base, the Administrator continued to reach out systematically in both donor and programme country capitals, as well as regional and international forums, to build commitment for common action to ensure that the resource base of the organization is rebuilt to agreed target levels.

25. Many programme countries contribute to reducing overdependence by providing UNDP with: (a) contributions to regular resources; (b) government cash contributions towards local office costs (GLOC)_; and (c) government in-kind contributions – such as rent-free office premises – in addition to providing substantial resources to UNDP programmes in their respective countries. The total amount of regular resource contributions from programme countries after the application of the accounting linkage to GLOC amounted to approximately $15.6 million in 2006, a decrease of 14 per cent compared with the 2005 level. As many as five programme countries contributed $1 million or more.

26. **UNCDF.** The efforts of UNCDF to expand its donor base and improve burden-sharing showed some positive results in 2006, but more must be done to achieve that objective. UNDP and UNCDF are exploring alternative financing options that would allow UNCDF to achieve an appropriate level of predictable core funding for its investment activities in the LDCs during

the 2008-2011 period, while improving burden-sharing. Furthermore, the 2008-2009 biennial support budget for UNCDF will likely continue to be included in the biennial support budget of UNDP.

27. **UNIFEM.** Efforts to diversify and increase UNIFEM non-core resources continued to show positive results. In addition, contributions to trust fund modalities increased to $4.8 million in 2006, compared to $4 million in 2005, driven particularly by higher contributions to the UNIFEM-managed United Nations Trust Fund in Support of Actions to Eliminate Violence against Women. UNIFEM is also seeing results from efforts to mobilize resources locally and through private sector partnerships.

VII. Conclusions

28. Notwithstanding the 2006 consolidation, the increase in regular resources since 2001 and the significant increase in other (non-core) resources, particularly since 2003, give a clear indication of the political support extended to UNDP by Member States. If the organization is to play its full role and achieve the clear set of programmatic objectives agreed by the Executive Board for 2004-2007, it is of critical importance to secure a stable, adequate base of regular resources. The ability of UNDP to deliver effective capacity-building support for development, including with the help of earmarked funding, critically depends on a level of core funding that supports flexible, integrated management approaches focused on long-term effectiveness. Development is a long-term challenge requiring a long-term strategic focus combined with tactical flexibility and an ability to respond to crises and opportunities alike. This is what UNDP seeks to achieve and the help and support of its partners.

29. The progress achieved with regard to increased regular resources needs to be sustained. The failure to meet the 2006 target confirms the vulnerability of the UNDP resource base and the importance of its Member States' contributions towards the prescribed funding targets. Additional increases will be required in order to reach indeed the overall target of regular resources of $1.1 billion, as requested by the Executive Board, and to keep pace with growing demands on UNDP, as expressed in the steep increases in other ('non-core') resources. UNDP is committed to working with all its partners to support United Nations reform initiatives and to ensure the most effective use of the resources with which it is entrusted.

Annex. Contributions to regular resources, local office costs and in-kind for 2004-2006; and income, pledges and estimates received in 2007

30. The table below provides an overview of income received by UNDP from contributions to regular resources, to GLOC and/or in-kind contributions. 2004 and 2005 data reflect actual income received. 2006 data reflects provisional income figures for the year. 2007 data includes actual income received, pledges communicated to UNDP, or projections based on contributions made in the previous year or years. For a detailed overview of contributions, please see the statistical annex to the present report, available on the Executive Board website.

African States (in alphabetical order)	2004 (in dollars)	2005 (in dollars)	2006 (in dollars)	2007 (pledges/ estimates/income)
Algeria	179,570	179,570	186,067	100,000
Angola	-	446,274	-	
Benin	208,398	199,339	303,021	
Botswana	299,401	338,600	-	
Burkina Faso	220,069	337,443	378,307	
Burundi	180,455	82,570	89,415	
Cameroon	282,342	249,667	3,327	
Cape Verde	-	3,000	117,261	
Central African Republic	92,123	92,123	99,644	
Comoros	24,752	24,752	53,139	
Congo, People's Republic of	127,494	166,378	232,996	
Côte d'Ivoire	117,894	117,894	127,511	
Egypt	-	1,045,351	-	104,783
Equatorial Guinea	23,650	23,650	149,082	
Ethiopia	-	543	156,780	
Gambia	24,523	24,523	26,523	
Ghana	408,243	238,243	377,688	
Guinea	-	-	200,000	
Kenya	312,500	246,101	702,112	
Lesotho	168,574	96,450	317,929	
Libyan Arab Jamahiriya	1,221,892	766,692	198,653	
Madagascar	-	-	331,810	
Malawi	149,688	43,233	46,761	
Mauritania	132,404	278,727	146,999	
Mauritius	149,661	66,174	145,717	
Morocco	-	937,301	554,596	200,688
Mozambique	50,253	50,253	56,359	2,000
Namibia	500	994,038	-	1,500
Niger	62,754	53,581	87,276	
Nigeria	118,009	118,009	127,640	
Rwanda	107,172	107,172	315,018	
Senegal	-	-	397,471	
Sierra Leone	73,414	73,414	79,405	
South Africa	147,826	855,842	1,768,242	128,000
Sudan	295,162	295,162	319,250	
Swaziland	544,019	-	1,086,622	
Togo	165,807	165,807	179,333	
Tunisia	427,012	435,413	239,190	141,803
Uganda	69,040	254,897	109,890	
United Republic of Tanzania	277,170	437,597	299,783	
Zambia	-	6,494	-	
Zimbabwe	-	-	21,220	
Total for region	**6,661,770**	**9,852,276**	**10,032,035**	**678,774**

Asian States (in alphabetical order)	2004 (in dollars)	2005 (in dollars)	2006 (in dollars)	2007 (pledges/ estimates/income)
Bahrain	891,372	142,726	149,805	56,000
Bangladesh	418,783	400,000	390,289	416,462
Bhutan	90,131	92,623	105,763	15,000
Brunei	-	-	-	30,000
Cambodia	191,775	122,275	276,255	
China	3,379,282	3,616,175	3,631,533	3,350,000
Cyprus		10,300		
Democratic People's Republic of Korea	19,791	107,377	(17,053)	59,859
Fiji	239,862	217,870	-	
India	4,986,154	5,012,019	5,029,865	4,500,000
Indonesia	-	218,230	1,544,635	50,000
Iran, Islamic Republic of	-	309,871	10,000	20,000
Jordan	512,429	668,258	668,259	
Kazakhstan	514,627	514,672	546,923	20,000
Kuwait	1,451,714	67,631	73,153	770,000
Kyrgyzstan	135,013	135,013	146,033	
Lao People's Democratic Republic	60,584	39,416	42,636	21,168
Lebanon	1,322,619	1,322,619	1,389,749	
Malaysia	714,399	250,035	184,138	385,000
Maldives	131,400	225,261	125,247	10,000
Micronesia, Federated States of	-	3,017	3,017	
Mongolia	-	136,478	105,658	17,000
Myanmar	1,600	1,955	1,544	857
Nepal	160,000	277,573	303,392	
Pakistan	721,758	700,102	738,670	
Papua New Guinea	224,249	131,483	117,526	
Philippines	339,827	388,194	313,283	
Republic of Korea	2,272,045	819,264	1,000,000	
Samoa	101,000	178,877	244,317	6,000
Saudi Arabia	2,198,078	2,198,078	2,214,244	
Singapore	300,000	300,000	300,000	300,000
Sri Lanka	449,802	149,802	462,025	
Syrian Arab Republic	193,761	25,012	417,355	
Tajikistan	119,941	90,264	125,931	
Thailand	1,257,151	1,239,404	1,270,726	1,284,250
Tokelau	-	-	58,210	
Turkmenistan	262,319	262,319	283,723	
United Arab Emirates	462,705	138,705	474,021	324,000
Uzbekistan	397,634	397,634	430,077	
Vanuatu	-	-	36,639	
Viet Nam	156,414	298,640	315,527	29,035
Yemen	-	-	152,014	
Total for region	**24,678,219**	**21,209,172**	**23,665,127**	**11,664,631**

Eastern European States (in alphabetical order)	2004 (in dollars)	2005 (in dollars)	2006 (in dollars)	2007 (pledges/ estimates/income)
Albania	215,895	172,433	464,691	
Armenia	216,934	216,934	234,632	
Azerbaijan	168,480	168,480	182,228	
Belarus	306,997	274,899	296,567	
Bulgaria	330,099	461,667	474,885	
Croatia	201,148	65,780	71,149	30,000
Czech Republic	320,000	395,898	438,231	
Estonia	23,633	-	33,682	
Former Yugoslav Republic of Macedonia	85,100	85,100	92,044	
Georgia	398,600	362,800	377,320	
Latvia	581,624	585,002	-	
Lithuania	111,734	-	-	
Poland	1,010,263	395,420	100,599	
Republic of Moldova	222,602	222,602	247,474	
Romania	279,762	291,547	315,846	
Russian Federation	460,526	450,000	1,100,000	1,100,000
Slovakia	308,703	308,703	-	
Slovenia	10,000	-	25,000	
Ukraine	427,211	427,211	514,684	
Total for region	**5,679,312**	**4,884,477**	**4,969,032**	**1,130,000**

Latin America and the Caribbean (in alphabetical order)	2004 (in dollars)	2005 (in dollars)	2006	2007 (pledges/ estimates/income)
Argentina	-	-	300,000	
Bahamas	-	3,000	210,980	
Barbados	310,565	320,565	546,881	
Belize	50,000	38,000	37,500	
British Virgin Islands	19,940	13,030	-	
Chile	627,686	627,686	658,503	
Colombia	502,480	1,209,298	1,009,175	
Costa Rica	69,925	322,658	387,043	
Cuba	1,656,848	3,009,602	112,586	
Dominica	-	42,300	-	
Dominican Republic	290,722	290,722	314,442	
Ecuador	-	100,000	100,000	
El Salvador	568,983	547,979	-	
Grenada	-	42,300	-	
Guatemala	244,636	250,877	262,558	
Guyana	89,430	116,793	157,131	
Haiti	191,470	251,590	-	
Honduras	97,761	93,770	93,571	
Jamaica	143,823	68,983	74,613	
Mexico	1,004,587	1,987,142	1,027,230	
Nicaragua	178,130	356,124	178,100	
Panama	536,265	928,957	489,025	
Paraguay	57,283	57,283	61,450	
Saint Kitts and Nevis	79,750	56,390	-	
Saint Lucia	67,290	59,586	-	
Saint Vincent & the Grenadines	-	50,000	-	
Trinidad and Tobago	98,426	177,062	190,347	
Uruguay	54,205	54,205	58,625	
Venezuela	1,497,220	345,220	680,440	10,000
Total for region	**8,437,424**	**11,421,121**	**6,950,198**	**10,000**

Western European and other States (in alphabetical order)	2004	2005 US$	2006	2007 (pledges/ estimates/income)
Andorra	19,091	25,522	31,800	
Australia	5,025,128	5,303,030	5,419,847	5,916,667
Austria	4,912,681	5,144,471	5,340,790	5,786,274
Belgium	15,873,632	18,322,541	17,900,438	17,959,184
Canada	47,881,356	46,694,215	49,561,404	50,900,901
Denmark	60,263,144	62,376,582	61,253,417	67,889,908
Finland	17,148,755	19,146,184	18,732,769	21,768,707
France	19,981,756	28,010,462	31,083,045	33,722,438
Germany	33,248,749	32,048,465	33,583,215	35,761,667
Greece	389,218			386,145
Iceland	561,321	322,056	320,139	
Ireland	15,792,289	18,300,654	20,018,519	30,612,245
Israel		25,000	30,000	30,000
Italy	18,270,402	19,404,916		23,129,252
Japan	86,770,000	82,431,500	75,012,667	75,012,667
Liechtenstein	11,719	11,504	16,260	16,000
Luxembourg	1,390,244	1,552,393	1,658,768	2,251,565
Malta			30,690	
Monaco	10,000	10,000		12,970
Netherlands	93,742,320	111,875,454	113,771,120	122,277,551
New Zealand	4,413,793	4,785,714	5,479,452	5,633,803
Norway	97,774,645	108,913,388	107,988,047	129,411,765
Portugal	1,600,000	1,799,611	1,800,000	1,800,000
Spain		8,154,681	8,879,666	60,553,169
Sweden	85,194,724	99,399,136	108,968,834	119,581,465
Switzerland	41,269,841	40,310,078	41,600,000	43,333,333
Turkey	559,990	1,253,370	1,151,525	1,000,000
United Kingdom	72,312,501	80,741,276	91,006,799	109,492,069
United States of America	98,706,500	105,000,000	105,172,900	110,000,000
Total for region	**823,123,799**	**901,362,203**	**905,812,111**	**1,074,239,745**

All regions				
TOTAL	**868,580,523**	**948,729,248**	**951,156,590**	**1,087,723,151**

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Contents

Chapter		*Page*
I.	Introduction	3
II.	Setting	4
	A. Global development challenges	4
	B. The United Nations and the development agenda	5
	C. Dual roles of UNDP	6
III.	Direction	6
	A. United Nations values for development	6
	B. Building on lessons learned	7
	C. UNDP business model	8
	D. Charting the course	9
IV.	UNDP coordination for coherence	10
	A. The call for coherence	10
	B. UNDP strategic coordinating role on behalf of the United Nations	11
	C. UNDP initiatives with a significant catalytic and coordinating role among United Nations partners	13
	D. Enhanced United Nations system partnerships	15
	E. Redesigned UNDP senior management structure	15
	F. UNDP withdrawal from non-focus areas	16

07-31707 (E) 290507

G. Resource projections to support this vision 16
H. Implementation of change 16
V. UNDP operations 17
A. Poverty reduction strategy 18
B. Democratic governance 21
C. Crisis prevention and recovery 22
D. Environment and sustainable development 25
E. Operational principles for development effectiveness 26
F. South-South cooperation 28
VI. Managing for results: accountability, risk and resources 29
A. Accountability framework 29
B. Enterprise risk management 30
C. Resource management 30
D. Integration of planning, budgeting, performance and human resource management 31
VII. Integrated financial resources framework 33
A. UNDP resource projections 33
B. United Nations resource projections for UNDP administration 35
C. Use of resources 35
VIII. Monitoring, evaluation and reporting 36
A. Monitoring and reporting 36
B. Decentralized evaluation 37
C. Independent evaluation 38

I. Introduction

1. The UNDP mission is to help countries accelerate progress on human development. This means that all UNDP advocacy, policy advice, technical support, and contributions to strengthening coherence in global development finance must be aimed at one end result: real improvements in people's lives and in *the choices and opportunities open to them*. UNDP has championed this integrative approach to human development since the 1990s, using the Human Development Reports, launched under the leadership of the late Mahbub ul-Haq with Amartya Sen, as important tools in this advocacy. Central to the human development approach is the concept of human empowerment. In addition to income, it treats access to education and health care, freedom of expression, the rule of law, respect for diversity, protection from violence, and the preservation of the environment as other essential dimensions of human development and wellbeing.

2. The Millennium Declaration and other summits have provided the global community with a solid set of values which must guide all our work. They have also set the benchmarks for concrete levels of progress to be achieved by 2015. As UNDP formulates the strategic plan, 2008-2011, we must reflect on these values and goals, and also on the major global and national concerns which continue to pose real obstacles to progress.

3. The UNDP strategic plan:

(a) Sets the overall direction for support to programme countries to achieve national development objectives related to the goal of accelerating progress on human development over the next four years.

(b) Highlights the urgent need for additional efforts by the international community to make the achievement of the Millennium Development Goals (MDGs) a reality by 2015.

(c) Uses 'inclusive growth' as its connecting theme to place particular attention on those that are being left farthest behind in a world of expanding affluence but exploding inequality.

(d) Articulates operations in dual UNDP roles: (i) To coordinate and enhance the efficiency and effectiveness of the United Nations system at the country level and; (ii) To provide knowledge, advocacy, policy advice and technical support in four focus areas on the basis of good practice and comparative advantage: poverty reduction, democratic governance, crisis prevention and recovery, and environment and sustainable development.

(e) Pursues a capacity development agenda across the four focus areas to propel and sustain national changes in human development as the single most important UNDP service to programme countries.

(f) Promotes greater development effectiveness through consistent recognition of a human rights-based approach, gender equality, empowerment of women, and civic engagement as key principles for progress.

(g) Allows for measurement of programme and management results to ensure accountability of UNDP in terms of outcomes.

(h) Uses regular and other resources in line with the strategic plan: (i) to support programme activities; (ii) to ensure effective programme implementation; (iii) to facilitate United Nations coordination; and (iv) to support management functions.

II. Setting

A. Global development challenges

4. Globalization is advancing at a breathtaking pace, but at different speeds in its various dimensions and affecting particular groups, regions and countries quite differently. While globalization has been a key driver of economic growth benefiting hundreds of millions of people, these benefits have not been shared equitably either between or within countries. Many of the poorest people in the world– not least in rural areas and in fast-growing slums – are essentially excluded from market participation and therefore also from the benefits of globalization. Smallholder subsistence farmers in Africa, for instance, see little prospects for improving their quality of life unless they become better connected to national and global markets and are much better equipped with the knowledge, skills and other resources necessary to thrive in these markets.

5. One major result of this exclusion, and limited ability of many countries and groups of people to take advantage of global opportunities, is the explosion in income inequalities that is being witnessed within and across countries. But there are also other challenges that stem from globalization. Economic insecurity linked to rapid structural changes is increasing, global criminal networks are controlling large amounts of resources, and health experts warn of the danger of major global pandemics. Most of these challenges cut across regions and national boundaries, weakening the ability of countries to deal with the problems individually, thereby strengthening the case for closer and more effective international cooperation.

6. Not all development challenges, however, are the result of global processes. Within many countries, serious impediments to progress derive from situations where macro policies, legislative environments, the capacity of public institutions, and social structure contribute to denying millions of persons the choices and opportunities for a better life.

7. The State is crucial to building a more inclusive and empowering environment with opportunities for all people. There are increasing numbers of cases in which States are unable to meet the needs of their citizens. This was one of the important findings of the UNDP 2004 study on democracy in Latin America. In many countries public sector agencies ranging from ministries to water utilities to local school boards are unable to deliver the goods and services people expect. Moreover, while democratic governance has expanded worldwide, there have also been reversals which have lead to the denial of people's political rights and freedoms. Throughout the world there are still many violations of basic human rights.

8. Conflict, disaster, and epidemics also derail development. While some of these have roots in global events or processes, quite often weak national capacity contributes to the level of devastation on peoples lives. Estimates suggest that the global annual cost of states in conflict is far greater than current Official Development Assistance (ODA); indeed it is higher than total ODA even if all OECD Development Assistance Committee (DAC) members reached the target level of 0.7 per cent of Gross National Income. Natural disasters take a human toll that exceeds that of armed conflict and appear to be worsening and becoming more costly. A historical record in insured losses attributable to natural disasters ($80 billion) was reached in 2005. Of the twenty most costly disasters over the last 35 years, ten occurred during the past five years. HIV/AIDS continues to devastate communities throughout the developing world. This pandemic has reduced life expectancy in many countries by more than 15 years, and renders the prospects for development quite difficult. In some countries much of the devastation caused by AIDS could have been averted or reduced if more urgent and purposeful national actions were taken earlier. Meanwhile, health experts warn of the dangers of other global pandemics.

9. All these daunting obstacles fall against the backdrop of climate change, one of the most urgent challenges of the coming decades. Many of the most vulnerable countries are among the poorest, and many of the poorest people are among the most vulnerable. Other serious environmental challenges include destruction of critical ecological systems such as coastal estuaries and tropical forests, degradation of arable lands and freshwater supplies, and proliferation of hazardous chemicals. International cooperation will be crucial to reversing the current trends.

10. Helping nations, communities, and people confront and solve these various global and national challenges is the job of the development community of which UNDP is part. The international community has made very clear its commitment to this task. The MDGs and the broader internationally agreed development goals reflect a common understanding that global challenges have to be managed so that they lead to broadly based, inclusive progress and that attention is given to all dimensions of human development.

B. The United Nations and the development agenda

11. Despite the pressing global challenges, there are real hopes for accelerating progress to achieve the MDGs, and ultimately, human development. First, there is a consensus that significant progress has been made on the MDGs. Millions of people have been lifted out of extreme poverty, and many countries are seeing improvements on their human development indicators. Far more can be achieved — in most of the poorest countries as well as in many fast-growing middle income countries—if and when existing commitments by developed and developing countries are met.

12. Second, there is substantial convergence of views on the critical development actions needed to achieve the MDGs and respond to the global challenges outlined above. This convergence emanates from the Millennium Declaration and the 2005 World Summit. The necessary actions include promotion of economic policies that aim at macroeconomic stability and inclusive growth, good governance, vibrant private enterprise, the active political and social participation of all citizens, the promotion of gender equality, and the scaling up of investments in essential infrastructures and social services.

13. Third, the broad consensus on actions needed is accompanied by a clearer definition of the role of the United Nations in helping countries attain the MDGs. The 2005 World Summit embraced the role of the United Nations in development—but also called for "more efficient and effective support to member countries." General Assembly resolution 59/250 on the Triennial Comprehensive Policy Review (TCPR) and the report of the Secretary-General "In Larger Freedom" recognized that strengthening the role and capacity of the United Nations development system to assist countries in achieving their development goals requires continuing improvement in effectiveness, efficiency, coherence and impact. In line with the request by the Secretary-General a concerted effort is underway to build on a number of TCPR decisions and to "test" assumptions and conclusions of the High-Level Panel on system-wide coherence. The forthcoming TCPR will further inform the course of action.

14. Fourth, the principle of national ownership and the need for simplified, harmonized development cooperation are also now fully accepted, thanks to the landmark 2005 Paris Declaration on Aid Effectiveness and its concrete goals and performance targets. For UNDP, this harmonization of processes is advancing, particularly with UNICEF, UNFPA and WFP. Much more will need to be done within the United Nations to respond to new aid delivery mechanisms such as Direct Budget Support, Sector-Wide Approach, and Joint Programme.

15. Fifth, consensus is emerging on the financial resources needed to help countries improve the lives of their people. Agreement to significantly increase the levels of ODA to help developing countries achieve the MDGs was a crucial underlying compact of the Millennium Summit in 2000 and the 2002 Monterrey Conference on Financing for Development. Unfortunately, five years after the conference these commitments have not been met. There needs to be a turnaround in this trend, including greater and more secure and predictable funding of the UN.

16. Greater effectiveness means that United Nations organizations must build stronger partnerships with bilateral and multilateral development agencies and international financial institutions where there are shared values, common objectives and resources. Important opportunities for partnerships also exist with emerging and non-traditional donors, particularly via increases in south-south cooperation. Similarly, the resources of global and national private enterprise, foundations, and other civil-society organizations remain vital but substantially under-utilized in promoting human development. Stronger partnership with the private sector will be crucial to development success.

C. Dual roles of UNDP

17. UNDP has built its work on two pillars to best serve the needs of the international community, member states and society at large. These two pillars are mutually reinforcing.

18. The first pillar upholds the UNDP role to coordinate and enhance the efficiency and effectiveness of the United Nations system as a whole at the country level. In resolution 59/250 on the TCPR, the General Assembly reiterated that the management of the resident coordinator system "continues to be firmly anchored in the United Nations Development Programme."

19. The second pillar sustains UNDP as the United Nations lead development organization, providing advocacy, policy and technical support to programme countries by working on the cross-cutting and multisectoral challenges of poverty reduction, democratic governance, crisis prevention and recovery, and environment and sustainable development. UNDP work in these areas, and in promoting gender equality and women's empowerment, supports programme countries in strengthening their own capacities to design and implement development strategies that reflect specific national circumstances and national objectives, within the overall framework of the internationally agreed development goals. This work is strategic, integrative, focused on inter-sectoral linkages and always aimed at strengthening national institutions, governance capabilities and citizen participation. It is done in partnership with governments and other national stakeholders, United Nations and non-United Nations organizations, and with the support of donor countries and international and regional financial institutions.

III. Direction

20. In charting a course for the future, UNDP must draw on the fundamental values of the United Nations, learn from its past, and leverage core competencies and unique capabilities, such as its dual role, extensive knowledge network, universal presence, decentralized structure, and business model.

A. United Nations values for development

21. The Millennium Declaration highlights six fundamental values necessary for sustainable human development: equality, solidarity, freedom, shared responsibility, tolerance and respect for nature. UNDP is committed to play its part in ensuring the realization of these values around the world, and has designed both its coordination and programmatic work for 2008-11 to reflect this

commitment. Additionally, some core operational principles identified for the cycle—gender equality and women's empowerment, civic engagement and the human rights-based approach—are based on these values and represent measures being taken to integrate the values into every aspect of UNDP work and organizational culture.

22. UNDP must also be guided by the value of national ownership and impartiality. Development solutions must always reflect local circumstances and local aspirations. To be effective, it is essential to obtain programme country leadership and ownership of interventions. UNDP must be seen as a trusted partner. There are certain basic prerequisites for a human development approach to be effective but support to countries must not be tied to ideological conditionalities. Both the programmatic and coordination roles of UNDP should therefore be guided by these principles and prerequisites.

B. Building on lessons learned

23. Drawing on internal reflection and a variety of evaluations, UNDP has identified a number of crucial lessons that contribute to a better understanding of its strengths and weaknesses. The lessons learnt provide many reasons to be proud of UNDP progress and contributions. In areas such as Democratic Governance and Crisis Prevention and Recovery, experience shows UNDP ability to deliver solid support to countries. In the area of Poverty, UNDP advocacy and use of tools such as the Human Development Reports and national MDG reports have provided powerful impetus to country efforts to scale up activities to achieve the MDGs. UNDP has also been a major player on environment and energy issues through work with the Global Environmental Facility (GEF) and Montreal Protocol programmes which have mobilized significant funding. The organization has also stepped up developing partnerships with civil society organizations and with the private sector.

24. In other areas, experience highlights a number of areas for review:

(a) Insufficient attention has been given to strengthening UNDP capacity to provide effective, practical support to tackling income/gender inequality or to promote the inclusion of marginalized groups. On promoting gender equality/mainstreaming, for example, evaluations point up the need for systematic efforts backed by strong institutional structures, leadership and resources.

(b) On key development policy issues UNDP has played an active advocacy role for inclusive development and integration of human development concerns. UNDP has been less successful in moving beyond broad advocacy into very specific policy advice that would put inclusiveness and distributional concerns at the centre of policy design alongside macro-stability and fiscal sustainability. The weight of the UNDP coordination role has also not been adequately felt in connecting countries to wider United Nations resources, such as the Department of Economic and Social Affairs (DESA), the United Nations Conference on Trade and Development, and non-resident specialized agencies.

(c) While UNDP has demonstrated capacity to assist countries in dealing with conflict and natural disaster, in many instances UNDP and other agencies have stepped in after crises have occurred or intensified. An evaluation of UNDP crisis prevention and recovery work suggests that UNDP: (i) needs to do more to help address risks before crises occur; and (ii) needs to help build capacity to respond faster to crises and put in place early recovery actions even during humanitarian stages of crises; and (iii) needs to have in place predictable internal funding and resources for rapid deployment after crises.

(d) Though UNDP has taken a lead operational role among United Nations organizations in supporting the development of environmental management capacity in the developing world, these efforts should have been better coordinated with UNEP and other agencies. Nor did UNDP focus sufficiently on the integration of environmental concerns into the broader development agenda, such as dialogue on poverty reduction strategies.

(e) From a broader perspective, evaluations done by UNDP and other United Nations and non-United Nations organizations highlight the need for programming to: (i) focus on the policy space specific to each country rather than broad generalizations (ii) help quantify priorities, (iii) help integrate activities across sectors for greater synergy and effectiveness, and (iv) recognize each country's institutional capacity and build on local knowledge and resources.

(f) On the organizational side, reviews suggest that the introduction of the Multi-Year Funding Framework (MYFF) has helped to achieve better focus and to promote a culture of results management. But the way UNDP organized around the MYFF, particularly in terms of the "service line" structure, partly accounts for the excessively sectoral approach to programming that the organization has often taken. Cross-focus area collaboration on policy issues has sometimes been inadequate.

(g) Finally, both internal and external audits of UNDP have highlighted scope for improvement of accountability systems and for better risk management to deal with the growth and increasing complexity of its operations.

C. UNDP business model

25. Global development challenges, lessons learnt, and United Nations reform, all point to the need for strengthening the UNDP business model, built on the three elements of coordination, advocacy and development service (policy advisory and technical support services). Five main adjustments are contemplated:

26. First, there will be stronger emphasis on providing knowledge, policy advisory and related support for United Nations system coordination, in accordance with outcomes of the inter-governmental process on United Nations reform.

27. Second, efforts will be made to focus UNDP development services more narrowly on areas where it has a clear mandate and comparative advantage. UNDP will gradually withdraw from other areas.

28. Third, UNDP will seek to build more extensive partnerships to scale up the scope and impact of its work in all areas. In addition to core partnerships with other United Nations organizations and governments, UNDP will pursue innovative and strategic partnerships with civil society organizations and networks as well as with the private sector. South-South cooperation, volunteerism and civic engagement are also important partnership modalities with significant potential.

29. Fourth, UNDP will refine its internal institutional arrangements to bring corporate and regional policy and advisory support closer to where they are needed on the ground and to make these services more responsive to country programme needs. This will entail examining different contexts in which UNDP works (regions, country typologies, and so on). This means, for example, better determining what types of services (advocacy, policy and advisory, technical support) are most needed by net contributor, middle-income and least developed countries (LDCs).

30. Fifth, all UNDP work must be driven by more effective knowledge management. The UNDP global presence and knowledge and resource management systems are two of its main comparative advantages. To effectively deliver on the agenda laid out in this Plan, UNDP must: (a) further expand and improve its existing knowledge networks, (b) open the networks to other United Nations staff and help the United Nations system build open United Nations-wide knowledge networks, and (c) gradually open the networks to allow direct participation by external experts, civil society and institutions. Work has already begun in all these areas.

D. Charting the course

31. In a world of expanding affluence and exploding inequality, 'inclusive growth' will serve as the connecting theme for UNDP work for 2008-2011. That connecting theme recognizes that while overall progress of productive capacity is necessary and must be accelerated, particular attention must be placed on how growth distributes this productive capacity and how those that are being left farthest behind can be included in the process of growth. The fight against poverty cannot be won by charity but by a restructuring of the economic process that leads to much greater inclusion. An effective and coherent United Nations system at the country level can be a powerful agent to help countries achieve accelerated and inclusive human development.

32. A concerted and collective focus on human development and the MDGs is crucial to long-term results. UNDP and its partners should continue to play a role in helping to monitor progress of the MDGs and direct resources to where they are most needed. Improving the collection and quality of data will be essential, and UNDP will work closely with partners, particularly DESA, United Nations regional commissions and the World Bank.

33. Global and collective advocacy efforts can help boost awareness – and indeed progress –in meeting development goals. Publications such as the Human Development Report, the World Development Report, The State of the World's Children, and other widely respected publications from sister organizations, are powerful advocacy tools serving the interests of the poor. All partners have noted the need for more consistent follow-up on these reports and better coordination and cooperation to further leverage their impact on development.

34. The strategic plan lays out the UNDP shift in approach in its governance efforts which will now be more aligned to serve the needs of the poor and marginalized. Work on poverty will be built around the provision of more effective support to countries to design and implement policies and programmes that can contribute to reducing various forms of inequality. Emphasis will be placed on supporting States in strengthening their capacity to regulate markets for goods and services in ways that ensure equity and access for the poor, for women and marginalized groups. Likewise, work in crisis prevention and recovery and environment and sustainable development will include stronger and more explicit strategies for promoting gender equality, promoting women's security and empowerment, and protecting marginalized groups.

35. UNDP efforts in its four focus areas must lead to enhanced national capacity. Capacity development is the single most important UNDP service and is particularly relevant to the needs of LDCs. Work on capacity development includes helping countries to diagnose capacity constraints and cost capacity building strategies. UNDP increasingly provides capacity development assistance through the linking of experiences and resources between developing countries, that is, through South-South cooperation.

36. Capacity development and three operational principles will guide UNDP interventions. The inclusion of these principles is in recognition of both their intrinsic value and their proven contributions to development effectiveness:

37. First, respect for human rights: UNDP will integrate human rights-based approaches in its policies, programmes and processes so as to ensure that international law is respected and implemented, United Nations conventions are adopted and put into practice, and development outcomes are fair and inclusive.

38. Second, the promotion of gender equality and empowerment of women: UNDP integration of this principle is intended to ensure not only that mainstreaming takes place in all areas of

operations and programming but that real progress is made in helping countries reduce gender inequalities and improve the lives of women.

39. Third, the encouragement of civic engagement: UNDP will promote citizen participation as a powerful method to strengthen the impact of public policies, to recognize the creative and mobilizing force of civil society and to acknowledge the indispensable role of volunteers in the fabric of a truly vibrant society.

IV. UNDP coordination for coherence

A. The call for coherence

40. All development partners firmly support the call for greater coherence at the country level. Coherence of the United Nations system and of development partners as a whole is not an end in itself. The aim is to ensure that development cooperation and common work on global public goods is more effective in supporting programme countries to achieve their human development objectives. Within the United Nations family, UNDP – because of its universal presence, the cross sectoral and strategic nature of its work, the important role it has played in encouraging the overall funding of the system, and the pivotal role the UNDP Administrator has played in the system over decades – has been entrusted with the coordination of United Nations activities in development. UNDP must adjust this management role to the evolving needs of the United Nations family and member countries.

41. UNDP will leverage its assets, experience and financial strength to foster overall United Nations coherence and make it a more effective partner. UNDP will eliminate any actual or perceived conflict of interest between its strategic coordinating role, including the management of the Resident Coordinator system, and its own operational work.

42. The vision proposed is of a transformed UNDP whose strategic coordinating role is more explicit and transparent and whose operational role supports and strengthens the overall coherence and effectiveness of the system while it is managed separately. UNDP fully recognizes that this vision requires it to take transformative measures which will be effective in eliminating perceived conflict of interest issues and which will be measurable and credible. UNDP is cognizant that the vision proposed in the High-level Panel report on United Nations system-wide coherence is under discussion by member states. This process will inform the 2007 TCPR and provide the basis for action by UNDP and other United Nations organizations.

43. The proposed UNDP approach consists of six inter-related components:

(a) Delineation of functions UNDP performs on behalf of the system, defining the distinctive arrangements which will characterize their performance

(b) Initiatives UNDP undertakes within its areas of programmatic focus that will play a significant catalytic and coordinating role for United Nations partners

(c) Enhanced partnerships with key United Nations agency partners, reflected in memoranda of understanding (MOUs), that formalize UNDP collaboration and United Nations system-wide partnerships with the private sector and civil society

(d) Redesigned UNDP senior management structure to distinguish United Nations system-wide from UNDP-specific responsibilities

(e) Withdrawal from programmatic areas that are not part of UNDP focus areas, as decided by the Board

(f) Resource projections consistent with and supporting the above principles.

B. UNDP strategic coordinating role on behalf of the United Nations

44. This role requires a distinct architecture to ensure clear delineation between United Nations-wide and UNDP-specific functions. Distinguishing characteristics feature:

(a) Formal participation of agencies in decision making processes.

(b) Decision-making separate from UNDP internal operational decision-making process

(c) Clear separation between UNDP role in carrying out managerial functions on behalf of the system and its role as a participating or operational agency

(d) Distinct administrative structure covering all agencies, funds and programmes

(e) Distinct accountability line separate from UNDP as participating programme

(f) Measurement of success based on independent assessment of the integrity of the governance arrangements in place.

45. UNDP will pursue six key initiatives which it has been mandated to do on behalf of the United Nations system. These six initiatives incorporate the characteristics outlined above.

B.1 Strengthened management and accountability of the resident coordinator system

46. UNDP will undertake a series of important actions to strengthen the management and accountability of the resident coordinator system. Specifically, UNDP will pursue the following targets and outputs:

(a) Implement processes in 2007-2008 to assess the content of United Nations Development Assistance Frameworks (UNDAFs) and to ensure improved strategic focus

(b) Review and revise the job descriptions of resident coordinators and country directors in 2007 to ensure clarity and clear demarcation of roles

(c) Train and put in place an additional 50 country directors by 2011

(d) Continue the process of gradually replacing deputy resident representatives with country directors or deputy country directors, to be completed in the course of 2008

(e) Implement the code of conduct that aims at both neutrality and inclusiveness

(f) Institutionalize effective regional director teams by 2008

(g) Implement the Common Agency Appraisal System of Resident Coordinators, and introduce an independent system to monitor the integrity of the common system by 2008

(h) Develop and introduce a global participant survey as one element of a process to institutionalize an objective assessment process for the management of the resident coordinator system. The survey will be implemented biennially starting in 2008

(i) Revise resident coordinator selection and appointment procedures and continue to increase the percentage of non-UNDP origin resident coordinators to 40 per cent by 2011, while ensuring that resident coordinators have broad development experience

(j) Establish a formal recourse procedure by first quarter 2008.

B.2 Strengthened resident coordinator capacities and knowledge management

47. UNDP is committed to strengthening support to the United Nations system-wide development agenda and promoting active follow-up on this agenda throughout the system. Agencies, funds and programmes of the system must have more confidence in the capacity of the resident coordinator system to represent and advocate for their respective development agendas. Consequently, for 2008-2011 UNDP will consult the system in order to identify a series of shared global agenda issues. UNDP will provide tailored support to empower resident coordinators to function as effective advocates of these issues. Critical to the goal of more effective management of the resident coordinator system will be the implementation of knowledge-management systems and training programmes.

48. During 2008-2011, UNDP will:

(a) Invest in improving the resident coordinator knowledge management system and integrate at least five other United Nations organizations as full partners in the system by 2009.

(b) Prioritize three global agenda items for resident coordinator system advocacy and support.

(c) Introduce a newly designed resident coordinator induction course by 2008

(d) Provide as a routine and institutionalized practice, security training to increase the understanding of the role of resident coordinators as designated officials.

(e) Develop and roll-out a set of new, tailored courses for resident coordinators on substantive issues relating to the global development agenda.

B.3 'One UN' pilots

49. 'One UN' pilots were launched in Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay and Viet Nam in January 2007 following United Nations Development Group (UNDG) consultations and at the request of Governments. UNDP is committed to working closely with its UNDG partners to ensure successful implementation of these pilots.

50. Analysis of the pilots will take place in early 2008. Lessons learned will be taken together with the outcomes of the TCPR to inform a plan of action to further strengthen UNCTs and establish cohesive country-level funding mechanisms for 2008-2011.

B.4 Support to United Nations coordination of prevention and recovery work

51. UNDP supports inter-agency initiatives for crisis prevention as well as coordination of United Nations system-wide recovery efforts. UNDP will invest in strengthening the coherence of that process.

52. Specific measures to be undertaken in this area include the establishment of norms and guidelines to inform work of the inter-agency group, as well as the launch of advocacy initiatives to boost funding for inter-agency recovery efforts.

53. Special emphasis is given to early recovery, bridging the phase between humanitarian relief and structural development. UNDP chairs and leads the Inter-Agency Standing Committee Cluster Working Group on Early Recovery that consists of 19 United Nations and non-United Nations members. The objective of the early recovery cluster is to support the Humanitarian/Resident Coordinators (a) to plan early recovery sooner in a more comprehensive manner, and based on a common understanding of each situation; (b) to enable better integration of early recovery into

existing programming and funding mechanisms; (c) to develop alternatives for enhancing resource mobilization for early recovery; and (d) to access surge capacity.

54. In the increasingly urgent area of disaster risk reduction, UNDP will support coordination and assistance for the implementation of the Hyogo Framework for Action 2005-2015.

B.5 Management of pooled resources and effective service provision

55. UNDP will continue to provide a range of services on behalf of the United Nations system, and will make efforts to enhance the efficiency and effectiveness of those services, which include:

(a) Administrative agent functions for global, high-profile and/or complex multi-donor trust funds (e.g., UNDG Iraq Trust Fund, Peace-building Fund), other multi-donor trust funds, and ensuring the highest standards of public disclosure for UNDG funds.

(b) Provision of management and operational services in areas such as banking and related services, administrative services including human resources administration and common services and premises. These services will be provided on a full cost-recovery basis, and clear performance standards will be established for each area.

(c) Promotion and support for simpler, more coherent business processes within the United Nations system. In this regard, UNDP is part of the United Nations-wide International Public Sector Accounting Standards (IPSAS) implementation efforts. Other important harmonization efforts include the development and implementation of an Inter-Agency Finance Accountability Framework and the full adoption of the Harmonized Approach to Cash Transfer (HACT) by 2008.

B.6 Supporting inter-organization collaboration

56. The current structure for inter-organization collaboration centring on the Chief Executives Board and the UNDG is under review. UNDP, through the Development Group Office, is committed to this process to ensure an effectively functioning system.

57. For the period of the strategic plan, UNDP will support the development of a new process for inter-agency coordination, and work to align the Development Group Office to the requirements of the new inter-agency structure. The UNDP Bureau for Development Policy will also get dedicated capacity to provide policy guidance to UNDG.

C. UNDP initiatives with a significant catalytic and coordinating role among United Nations partners

58. Within the scope of its programmatic work, UNDP has identified a number of key initiatives around which it will focus the strengthening of its substantive support to United Nations-wide efforts. The purpose of identifying these initiatives is to highlight the substantive aspects of UNDP support to United Nations system-wide coherence.

C.1 Promotion of MDG-based national development strategies

59. In recent years UNDP has invested considerably in building its capacity to provide support to countries as they undertake the MDGs. The MDG Support project will focus more than ever on mobilizing and organizing support from the broader United Nations system and the MDG Support agenda will be incorporated more closely into the UNDG framework.

60. Issues in this area will be an important focus for UNDP, and the UNDG will devote substantial resources to systematically assessing progress in providing UN-wide support to MDG-based development strategies. The specific programmatic objectives, development outcomes and targets in this area are dealt with in Section 5 on UNDP operations.

C.2 Strengthening the United Nations system response to HIV/AIDS

61. UNDP is committed to ensuring that the resident coordinator system is fully empowered to provide for an effective United Nations response to AIDS. The responsibility of the system has been well established since the formation of the Joint United Nations Programme on HIV/AIDS (UNAIDS) in 1994. Following from the recommendations of the Global Task Team on Improving AIDS Coordination, the Secretary-General in 2005 directed resident coordinators to establish joint United Nations teams on AIDS at the country level with joint programmes of support. UNDG guidance on the formation of joint teams outlines the responsibility of resident coordinator s for:

(a) Providing overall United Nations leadership, advocacy and guidance on AIDS;

(b) Ensuring that AIDS remains high on national agendas;

(c) Ensuring formation of the Joint United Nations Team on AIDS;

(d) Ensuring that Heads of agencies, funds, and programmes are accountable for contributions towards the joint programme deliverables; and

(e) Reporting on the performance, functioning and work plan of the joint team on AIDS as part of the resident coordinator's annual report.

62. While the United Nations resident coordinator leads the process of establishing the Joint United Nations Team on AIDS, the UNAIDS country coordinator is an integral part of the resident coordinator system and is responsible for facilitating and promoting synergy between the Joint Team on AIDS and the UNCT.

63. Two main performance targets have been set for this area:

(a) Joint United Nations Team on AIDS established in 100 countries by 2011, with articulation of roles, responsibilities and lines of reporting among team members.

(b) Joint programmes of support are developed in 100 countries by 2011 with work plans, costed activities, identified sources of funding, and assignment of responsible organizations/individuals.

C.3 Developing stronger partnerships on environmental protection

64. UNDP and UNEP are committed to working together to enhance the capacity of the United Nations to help countries pursue environmentally sustainable development and accelerate progress toward achieving the MDGs. This partnership is based on a MOU which establishes how each institution will contribute to joint activities. For example, to significantly scale up the joint UNDP-UNEP Poverty and Environment Initiative launched during the 2005 World Summit, UNDP and UNEP have set up a joint Poverty and Environment Facility in Nairobi. UNDP and UNEP will establish joint benchmarks for the implementation of the MOU and will monitor progress jointly.

C.4 Collaborative inter-agency and cross-practice initiative to reduce violence against women

65. UNDP is committed to supporting the global initiative to reduce violence against women. UNDP actively participates in the interagency work. Extensive advocacy work and management of

a Trust Fund by UNIFEM will provide valuable lessons for scaling up. The global initiative will also link with the on-going efforts of the 'Stop Rape Now: United Nations Action to End Sexual Violence in Conflict', of which UNDP is a founding member.

C.5 Support to resource mobilization efforts for country level work

66. RCs must mobilize resources on behalf of UNCTs in support of their common goals and outcomes. The fundamental rationale behind this is that if resources are mobilized jointly – just as goals are planned and programmed jointly – there will be less of the fragmentation that arises when organizations are competing for resources. To further advance coherence, UNDAFs need to be anchored not only by resource targets, but also by an agreed joint resource mobilization strategy and plan focusing on UNDAF outcomes and common programme goals. The strategies will be led by the resident coordinator in concert with the UNCT.

67. UNDP, working with partners, will help at least 20 countries develop joint resource mobilization strategies and plans by the end of 2008, and will conduct a review of these strategies by the end of 2009. Training and support will be provided to an additional 20 UNCTs to prepare resource mobilization strategies for joint programmes in 2008.

D. Enhanced United Nations system partnerships

68. UNDP is committed to promoting and supporting United Nations partnerships within the system and with civil society and the private sector. The plan is to identify annually initiatives that gradually widen the array and impact of partnerships. This includes:

(a) Strengthening of existing partnership arrangements, reflected in MOU with United Nations partners to ensure a practical division of labour and to create synergies

(b) Seeking more structured partnerships with international financial institutions, and in particular the World Bank, in at least three critical areas by 2008: MDGs/poverty, early recovery and aid effectiveness

(c) Establishing platforms, including South-South platforms, for United Nations system-wide support to boost local entrepreneurship, private-sector development and civil society in at least 50 countries by 2009.

E. Redesigned UNDP senior management structure

69. There are two compelling reasons to review the organization of UNDP senior management functions. On the one hand, conditions must be created to support the Administrator in system-wide responsibilities. On the other hand, actual or perceived conflict of interest should be avoided. Thus the necessary demarcation starts between the respective responsibilities of the Administrator (for strategic system-wide coordination) and the Associate Administrator (for UNDP operational management). This demarcation then runs through separate reporting lines for the different functions of senior management within the central policy and management bureaux as well as the regional bureaux. At the country level, it is reflected in the responsibilities entrusted respectively to the resident coordinator (UNCT coordination and strategic country programming in response to national priorities) and the country director (UNDP operational management). These arrangements should be made transparent and subject to external assessment of integrity and effectiveness.

70. A number of key performance targets have been set for the separation of UNDP dual roles. By the end of the first year of the plan, UNDP will ensure:

(a) Clear internal delineation of top management responsibilities within the bureaux

(b) Realignment of management committee structures to reflect the distinct responsibilities. This has partially been achieved with the creation of the Operations Group chaired by the Associate Administrator (programme and support) and the Management Group chaired by the Administrator (strategic policy and the resident coordinator system).

(c) Development of annual goals relating to system-wide responsibilities and partnerships

(d) Establishment of an appraisal mechanism to assess the systems in place

(e) Work plans, individual performance assessments and incentive systems modified to reflect the objectives outlined.

F. UNDP withdrawal from non-focus areas

71. On the operational side, criteria will be put in place and adhered to in order to guide UNDP response to country demand. Whilst supporting and respecting country-led national strategies, UNDP delivery should be based on expertise and comparative advantage. UNDP will be phasing out non focus area programmes that have been embarked on in previous years and intensifying activity within the focus areas as outlined in this strategic plan. An implementation review will be presented to the Board at midterm. The following criteria will guide UNDP programmes at country level:

(a) Contribution to acceleration of MDG achievement

(b) Creation of effective institutions

(c) Expansion of national and local capacities

(d) Promotion of sustainable development

(e) Support to United Nations partnerships

(f) Provision of 'last resort' in case of national capacity deficit or crisis

(g) Withdrawal from: (i) specialized sectoral activity (agriculture, health, education) except aspects of national institution-building or collaboration; (ii) small-scale projects without country wide impact; (iii) infrastructure with no capacity building; (iv) stand-alone procurement of goods.

G. Resource projections to support this vision

72. UNDP resource requirements and projections need to match the scope of this vision. UNDP projects a reversal in the rapid recent growth in other income, reflecting the commitment to a more focused organization. UNDP projects growth in regular resources, which are fundamental to enabling UNDP to perform its coordination and core programmatic functions. Finally, UNDP is projecting a major increase in the resources it will manage on behalf of the United Nations system, reflecting the rapid expansion of this function. UNDP resource projections represent a significant shift from the last two MYFFs. This should be seen as a very clear indication of UNDP commitment to implementing the vision contained in the strategic plan.

H. Implementation of change

73. The package of initiatives described in this section are intended to have a major United Nations system-wide impact; deliver credible and robust 'firewalls' between UNDP coordination and operational work; further the process of realigning UNDP management with United Nations system responsibilities, and allow for clear monitoring of results.

74. In the course of years 2007 and 2008, key change initiatives will be implemented against clear targets and benchmarks with progress reports provided to the Executive Board and other stakeholders. This will enable an independent assessment by the end of 2008. Building on the results, a new set of proposals for expanding and/or adjusting the process would be submitted to the Executive Board at the annual session 2009.

V. UNDP operations

75. In addition to its strategic coordination role, UNDP has a strong programmatic role contributing to broader international support to achieve the MDGs and human development in developing countries. What is absolutely critical now is to ensure that UNDP operations do not compete with or crowd out the specialized sectoral or functional work of others but strengthen overall United Nations development effectiveness. UNDP has strong comparative advantage and experience in cross-cutting work that ties together the sectoral efforts of others and supports national government policy design and institution building. UNDP will focus on strengthening national capacities and providing quality advice in four areas: democratic governance; poverty reduction strategy; crisis prevention and recovery; and environment and sustainable development. These are areas within which UNDP partners with governments and other stakeholders and draws on its network of experts around the globe. UNDP engages in partnerships where it can provide complementary support, catalyse action, or promote an integrated policy focus.

76. The contributions of the UNCDF, UNV and South-South cooperation activities are set out in this section as integral parts of UNDP programmatic work. With UNIFEM, opportunities for synergy are part of ongoing consultations. Jointly formulated outcomes and indicators will permit UNDP and its associated funds and programmes to be more effective in achieving results by drawing on the comparative advantages and value added by each entity.

77. UNDP priorities derive principally from the demand from programme countries. This demand differs by regions, country typologies and individual countries. The corporate level articulation of these priorities in the strategic plan is not intended to suggest a one-size-fits-all approach. Rather, it is intended to communicate some particular areas of high demand for support that are matched with UNDP strengths, and where stakeholders should expect strong performance by the organization. Capacity strengthening initiatives feature prominently in each focus area, and support fostering greater inclusiveness in development.

78. Capacity development is at the core of the UNDP way of doing business. UNDP work in each of its four focus areas will concentrate on helping to strengthen national capacities through a variety of tools and services. UNDP is seeing very strong demand from a wide range of programme countries, most notably the LDCs. To respond to this demand for capacity development, UNDP is currently working on improving the following specific tools:

(a) Post-crisis needs assessment tools– Post-Conflict Needs Assessment and the Post-Disaster Needs Assessment. These tools identify key actions and outcomes needed to redress consequences of crisis, prevent recurrence, and shape the country-driven plan for short-term and potential mid-term recovery priorities.

(b) Capacity assessments – These help countries to map and diagnose their capacity assets and needs (institutional structures, leadership, financial management and human resource mix) in relation to what is required to accelerate development and achieve the MDGs.

(c) Costing capacity investments in national and sector strategies – Once capacity assessments have been undertaken, support is provided in costing the gap that needs to be filled to undertake the investment in national policy development or programmes.

(d) Capacity development strategies – Support is provided to develop strategies in: i) institutional reform and incentives; ii) leadership capacities; iii) training and learning; and iv) accountability mechanisms.

(e) Capacity monitoring and evaluation – Support is provided to ensure that monitoring and evaluation plans with indicators are put in place for the capacity development strategies.

79. The provision of these services will be supported by research and analysis of capacity development methodologies and applications, and continuously validated through evaluations and lessons learned. Work is currently underway to finalize the implementation arrangements for roll-out of these services to country programmes, using the Capacity 2015 trust fund to supplement regular resources.

A. Poverty reduction strategy

A.1 Promoting inclusive growth, gender equality and the achievement of the MDGs

80. Poverty reduction is at the centre of the United Nations work in development. As stated before, while economic growth is essential to human progress, it is not sufficient for achieving the MDGs. UNDP will support countries in accelerating *inclusive growth* to ensure equitable broad-based human development. *National Human Development Reports* involving a broad spectrum of society in cooperation with national authorities can inform and complement national planning documents and build the necessary and often absent "bridges" between purely gross domestic product (GDP) and financial accounting approaches and the wider and deeper human development approach.

81. There has to be an important shift in the nature of UNDP programmatic activities to reflect the coherence reforms and UNDP determination to withdraw from project-level work that can and ought to be done by others. UNDP will ensure that poverty reduction does not become an umbrella for small-scale sectoral projects in areas where other United Nations organizations or local and international NGOs have a comparative advantage. Instead, UNDP will focus on upstream policy support and the integration of technical support provided by UNCTs.

82. UNDP will assist countries to formulate, implement and monitor MDG-based national development strategies centred on inclusive *growth* and gender equality. This will include technical support for participatory MDG-related planning, reviewing existing strategies, and conducting needs assessments. UNDP will help identify policy options, undertake diagnostic studies and conduct training to build local and national capacity. Emphasis will also be placed on supporting MDG planning process at the sub-national level. This support will initially focus on a limited number of countries and expand in scope over time.

83. UNDP will underscore four critical dimensions of the effort to build inclusive growth and achievement of the MDGs:

84. First, embedding the pursuit of the MDGs in a national development strategy that links the MDGs to each other, captures synergies and is comprehensive.

85. Second, analyzing data to help governments decide on the relative allocation of resources for health, education, irrigation, transport, and other sectors. UNDP can support analysis of the trade-offs, on the interaction between economic decisions and broader dimensions of human development, and on the overall coordination and harmonization process involving the donor community.

86. Third, providing access to a broad range of financial services and on the role of the private sector and small and micro-enterprises as potential vehicles for generating growth and employment, reducing poverty, and providing the poor with greater access to markets, goods, and services.

87. Fourth, significantly scaling up public investments needed to achieve the MDGs.

88. There is also scope for support to many middle-income countries (MIC) as well. An important part of the work will be to assess which state interventions can have the largest impact on reducing persistent inequities in a manner that is consistent with MDG achievement in highly unequal middle-income countries. The policy analysis that will emerge from work on inequality will address fundamental issues of the inclusive growth agenda. There are opportunities to tap the experience of some of these MICs and other Non-Contributing Countries to assist LDCs through south-south exchanges of ideas, best practices and resources.

A.2 Enhancing economic governance

89. Effective reduction of poverty, inclusiveness and equity depend on the ability of institutions to deliver public goods and social services, effectively regulate markets in the public interest and provide legal access to economic assets and opportunities in ways that are fair and equitable. Economic and political governance are inextricably linked. UNDP work in this area, while relating to all four focus areas and emphasizing the gender dimensions of economic governance, will be fundamentally embedded in the poverty reduction and democratic governance practice areas. UNDP work should result in the expansion of access to financial services for the poor and their legal empowerment, including property and labour rights. UNDP will help countries assess regulatory frameworks for public service delivery and support the allocation of public and private roles and responsibilities in a manner that advances access to functioning services for the poor. UNDP economic governance work will take into account the diverse contexts and needs that exist among middle income, low income and the least developed countries. UNDP will forge strong partnerships with the Bretton Woods institutions and relevant United Nations organizations.

A.3 Fostering inclusive globalization

90. Well formulated domestic policies will not be as effective unless the globalization process is beneficial to all developing countries. It will be particularly important that the international trade and investment regime and development finance are consistent with and supportive of MDG achievement and fulfilment of other agreed international development goals for all developing countries.

91. Due to expanding demand from countries with limited capacity, UNDP has initiated regional trade and development programmes to build national capacity to analyze trade trends and trade policies and their effects on poverty reduction and human development. Such analysis can assist countries in targeting more effective and pro-poor trade policy and also provide support to negotiate bilateral, regional and multilateral trade frameworks which are conducive to human development. UNDP will seek to support the beneficial regional and economic integration of all developing countries. Policy research will be used to inform national multi-stakeholder processes as well as governmental and inter-governmental policy making processes at national, regional and global levels and contribute to regional human development reports.

92. These regional initiatives which involve middle income, low income and the least developed countries (LDCs) are complemented by the Enhanced Integrated Framework for Trade Related Technical Assistance to the LDCs (EIF). This is a six-organization initiative – UNDP, World

Trade Organization, UNCTAD, International Trade Centre, International Monetary Fund and the World Bank – that aims to help the poorest countries overcome supply-side impediments to trade (such as the lack of infrastructure or relevant institutions) and build international competitiveness. UNDP will contribute substantively to diagnostic trade integration studies, undertake specific capacity building initiatives and work to ensure that trade capacity becomes an integral part of national development strategies in LDCs.

93. Another challenge facing developing countries is the generation of sufficient external financing (aid, debt relief, new borrowing, foreign investment, capital flows or remittances) to supplement domestic resources. With its near universal country coverage, UNDP can play a unique role in strengthening national capacities to negotiate and manage development finance, including financial volatility which particularly affects emerging market developing countries. This includes ensuring that aid is given in accordance with the Paris Declaration, and that private flows support the human rights, environmental, labour and anti-corruption principles enshrined in the United Nations Global Compact.

A.4 Mitigating the impact of HIV/AIDS on human development

94. By the end of 2005, almost 40 million people were living with HIV around the world, and over 25 million had died of AIDS. Reaching the MDG target of halting and reversing the spread of HIV/AIDS by 2015 is critical to achieving the other MDGs, particularly targets relating to poverty, education, gender equality, child mortality and maternal mortality.

95. As a founding co-sponsor of the Joint United Nations Programme on HIV/AIDS (UNAIDS), UNDP is responding to the multi-sectoral challenges of the HIV/AIDS epidemic and contributing to comprehensive United Nations system action. UNDP response to HIV/AIDS is guided by the UNAIDS division of labour, which designates UNDP as the lead United Nations organization for addressing dimensions of HIV/AIDS relating to development, governance, mainstreaming, legislation, human rights and gender. Within this framework, UNDP will focus its interventions in four priority areas during 2008-2011.

(a) *Integrating HIV/AIDS concerns into national development processes*. Mainstreaming HIV priorities into national planning processes and poverty reduction strategies is critical to ensuring implementation of effective multi-sector action to mitigate the impact of HIV/AIDS on sectors, communities and households. As recommended by the Global Task Team on Improving HIV/AIDS Coordination, UNDP is leading a global joint programme with the World Bank and UNAIDS Secretariat to provide technical support and resources to countries. UNDP is in charge of multi-stakeholder capacity building activities and support to implementation at country level and the World Bank guides training activities at the regional level. The Joint Programme now covers 14 countries in sub-Saharan Africa, and will be expanded to an estimated additional 40 countries during 2008-2011.

(b) *Strengthening governance of AIDS responses* to respond to the complexity of the HIV/AIDS epidemic, national responses require coherence and coordination at the national level coupled with decentralized action and participation of a wide range of stakeholders across government, civil society and the private sector. Strengthening coordination capacity of national AIDS authorities, and promoting harmonization and alignment of United Nations system and donor support to national efforts is a priority in order to avoid duplication and fragmentation of programmes. UNDP also promotes meaningful civil society participation in planning, implementation and evaluation of AIDS responses – particularly networks of people living with HIV, women's groups, and vulnerable and marginalized groups affected by AIDS.

(c) *Promoting human rights and gender equality*. Protecting human rights and promoting gender equality are essential for reducing vulnerability to HIV and mitigating the impact of AIDS on women and girls. HIV/AIDS stigma and discrimination drive the epidemic underground and hinder access to prevention, treatment and support services. Promoting an enabling legislative environment and empowerment of women is critical to scaling up HIV/AIDS responses.

(d) *Accelerating implementation of Global Fund programmes*. Countries are receiving more funding than ever before from multilateral initiatives, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), but they are often unable to effectively implement necessary programmes due to insufficient or overstretched capacity. UNDP has an important collaboration with the GFATM in developing capacities of national stakeholders to implement Global Fund grants. In circumstances where there are no suitable national recipients, countries have requested UNDP to provide financial and programmatic oversight for Global Fund grants as principal recipient of last resort. In addition, UNDP builds capacity of Global Fund principal recipients, local implementing partners, sub-recipients, and country coordinating mechanisms to develop, implement, manage and track programmes.

B. Democratic governance

96. To consolidate and deepen democracy, free and fair elections must go hand-in-hand with efforts to ensure that all people have full opportunities to participate in the decisions affecting their lives. Regional and national governments must have the capacity and resources to deliver effective economic and social policies which promote human development and manage the public services which citizens expect. Moreover governance needs to be grounded in the principles of human rights, transparency and honesty, and gender equality.

97. UNDP works to achieve these goals through strengthening the core institutions of democratic government at all levels: national, regional and local/decentralized. The general challenges of consolidating and deepening democracy apply to all countries —developed and developing. They are most urgent in states emerging from conflict where violence has contaminated the reservoir of social trust needed for social cohesion and mutual tolerance.

B.1 Fostering inclusive participation

98. UNDP engages directly with key stakeholders to strengthen civic engagement at the local, regional and national levels. Mechanisms and opportunities for this engagement include electoral laws, institutions, and processes, mobilization channels (e.g. political parties and civil society organizations), and communications channels (access to information networks, e-governance, and independent media). UNDP Democratic Governance initiatives are designed to help programme countries deepen the participation of all – with particular emphasis on marginalized sectors of society – in public policy dialogues and decision-making. Collaboration with UNCDF and UNV is very strong in this area, along with many other United Nations organizations and external partners.

99. A key initiative that UNDP will pursue is to identify and promote effective interventions strengthening voting participation by the poorest social sectors, as well as women, youth and indigenous peoples. Electoral turnout is only one form of participation, but it is also the most universal and basic. Low or eroding participation is of concern for many countries, raising questions about public confidence and government legitimacy. Mobilizing turnout among marginalized groups is a basic foundation for strengthening their voice in the policymaking process.

B.2 Strengthening accountable and responsive governing institutions

100. Enhancing accountability and responsive institutions is a critical element of democratic governance for human development. UNDP work in this area focuses upon the three branches of government: (i) strengthening legislatures, regional elected bodies, and local assemblies; (ii) supporting public administration reforms, in national governments and local authorities; and (iii) promoting access to justice and rule of law. In all these areas, priority will be given to strengthening the mechanisms of responsiveness and public accountability and responsiveness to the concerns and interests of poor people, women, and other marginalized groups. UNDP supports effective public policy processes where decisions are accountable and responsive to public concerns, and where the public sector at local, regional and national levels develops the capacity and resources to manage policies and services. Expanding the capacity of governing institutions helps provide a facilitating environment for delivering other goals for poverty reduction, conflict-reduction, and environmental protection.

101. One main initiative in this area will focus on multi-sectoral accountability mechanisms. UNDP has amassed considerable experience on specific interventions to improve accountability to the poor, such as access to justice, gender-based budgeting, parliamentary oversight, and citizen report cards. But up to now, many of these interventions have focused on one single sector. Weaknesses in accountability systems involve a lack of interaction among institutions and sectors, i.e., between government and parliament, between civil society and government, between rule-making institutions and justice enforcement mechanisms. This initiative will identify and develop policy advice, capacity-building, and knowledge-sharing, strengthening interactions among sectors to increase system-wide accountability, especially for traditionally-powerless sectors such as women and minorities.

B.3 Grounding democratic governance in international principles

102. At the 2005 World Summit, member states emphasized that the United Nations should "strengthen linkages between the normative work of the United Nations system and its operational activities." Therefore, UNDP will ground its democratic governance work in the well-established international standards and principles of human rights, gender equality, and anti-corruption. In particular, UNDP will link the promotion of inclusive participation and responsive governing institutions with the Convention against Corruption and with international human rights instruments, including the Convention on the Elimination of Discrimination against Women.

103. A strategic initiative in this area will develop democratic governance assessments. Methods and approaches will be identified for nationally-owned democratic governance assessments designed to serve the needs of policymakers. The results will be integrated into planning exercises by national partners, and in National Human Development Reports, Poverty Reduction Strategy Papers, the African Peer Review Mechanism, Millennium Development Goal Reports, and the localization of the MDGs. This process will help to define democratic governance deficits, identify the institutions and processes for reform, set milestones and benchmarks, and develop systematic indicators to monitor progress.

C. Crisis prevention and recovery

104. Since 2000, more than 40 countries have suffered violent conflicts and even more have suffered devastating natural disasters. Violent conflicts have resulted in over 25 million internally displaced persons and an estimated additional 12 million refugees since the turn of the century.

105. While conflicts and natural disasters affect both developed and developing countries, their effect on countries with high levels of poverty and inequality has been to compound existing problems. This is particularly pronounced for countries suffering repeated disasters or conflicts. These countries find themselves caught in a vicious cycle of crisis, poverty and risk, which can fuel ongoing instability at national, regional and global levels. The majority of these countries do not have the capacity to deal with these challenges alone, often lacking sufficient resources, or being caught in regional or global situations such as cross-border conflict. In such cases a neutral third party can help resolve internal conflicts and support local capacities to minimize human suffering and protect vulnerable groups.

106. Given the international nature of the factors contributing to many crises, global assistance to help prevent and mitigate their effects and to support government management of the process of recovery is necessary to help countries attain the MDGs, reduce human suffering and improve living conditions for the poor.

107. UNDP targets countries which are highly vulnerable to natural disasters or face imminent conflict have experienced severe disruptions in critical national or local capacities and/or have been designated by the Security Council or Peacebuilding Commission as having a priority post-conflict situation. Three UNDP work areas apply to natural disasters and violent conflict. Assistance provided to crisis-affected countries is, in general, of a similar nature. UNDP focuses on developing national and local capacities to manage risks, to assess needs, plan, lead, and coordinate recovery. Assistance to conflict-affected countries also focuses on programmes supporting restoration of security and reconciliation, issues that are less critical in natural disaster settings.

C.1 Enhancing conflict and disaster risk management capabilities

108. In response to country demand, UNDP will support partners to manage both conflict and disaster risks by developing long-term national capabilities and institutions. A key element will be to find solutions for conflict and natural disaster risk management based on common understanding of the issues. UNDP will work with national partners to integrate the information derived from disaster risk assessments into national development plans and programmes and support the development of appropriate institutional and legislative systems and coordination mechanisms. This support includes measures to promote gender equality and focus on the most vulnerable.

109. In terms of managing conflicts before they lead to violent tensions and enhancing social cohesion, UNDP will help to strengthen national and local capacities to promote conflict sensitive development and to conduct non-violent management and resolution of disputes, in particular supporting south-south learning exchanges on gender, crisis management and risk reduction, including drawing on lessons learned regarding capacity building of women's institutions for crisis prevention.

110. UNDP will support national partner assessments of crisis risk and damage with tools such as Conflict-Related Development Analysis Methodology and the Global Disaster Risk Index. Work will also be done on a gender profile database to help ensure that gender disaggregated data is available to support policy-making.

C.2 Ensuring improved post-crisis governance functions

111. In the immediate aftermath of a crisis, UNDP will provide country-specific support through preparation, planning and implementation of interventions to ensure national management of the

development process, including restoring capacity for public service delivery and managing aid coordination.

112. In most post-disaster situations, government systems remain functional, although commonly over-stretched. Conflict environments, tend to be more complex and characterized *inter alia* by an erosion of human and institutional capital, economic stagnation and weak rule of law.

113. In both cases, UNDP-tailored support will generally facilitate an enabling environment conducive to recovery, restoration of administrative and service delivery capacity and training national stakeholders to strategize, negotiate and engage in dialogue with the aim of restoring post-crisis governance functions.

114. Based on the UNDP report "Fostering Post-Conflict Economic Recovery", (forthcoming in 2007), practical policy and programming guidance on strengthening state capacity to catalyze economic recovery will be developed, including innovative tools, assessment methodologies, and best practice guidelines designed to identify essential state functions to support economic recovery. UNDP will develop recommendations on policies and capacity-building programmes to support reintegration and livelihood opportunities aimed at avoiding a return to conflict and to reduce poverty .

115. To address the disproportionately high impact of crisis on women as compared with men, effective crisis assessment and reduction tools, frameworks and strategies need to be based on disaggregated data facilitating targeted and integrated gender-specific programmes. Promoting women's participation, security and empowerment is a critical element in addressing crisis risk and building strong foundations for recovery in natural disaster and post-conflict settings. UNDP will provide policy and practical guidelines for strengthening women's security in crisis, advancing gender justice and expanding women's citizenship, participation and leadership. The UNDP eight-point Agenda for Women's Empowerment will guide activities within this area. For post-conflict settings, UNDP will support inter-agency coordination by participating in the United Nations Action against Sexual Violence in Conflict.

C.3 Restoring the foundations for local development

116. Sustainable recovery in post-conflict and natural disaster settings requires the restoration of security and a revival of the economy. This provides the conditions in which livelihoods can be rebuilt and damaged social fabric repaired. Assisting recovery in post-conflict situations therefore often implies a focus on reconciliation and security. UNDP will support specific measures to build national capacities to de-mine farms and fields, reduce availability of small arms, and support the reintegration of former combatants in communities. In both conflict and natural disaster settings, UNDP will support the revival of sustainable economic activities at national and sub-national levels including collaboration with UNCDF to access a broad range of financial products, services and training, assist with rehabilitation of productive assets and infrastructure, and support measures to strengthen community and other local organizations. Where requested, UNDP will support cross-focus area work on issues such as reform of property and inheritance laws, land ownership and regulations governing access to credit, especially as they concern women and other marginalized groups. The collaboration with UNCDF will include measures to strengthen local governments and other local organizations. The private sector has a role to play in economic revival and employment creation and together with civil society organizations will be important partners in this area of work.

D. Environment and sustainable development

117. Poor people depend disproportionately on the environment for their livelihoods. Despite growing attention to environmental issues over the last two decades, insufficient progress has been made in integrating environment issues into national development priorities and financing those priorities. The Millennium Ecosystem Assessment of 2005 reported that over 60 per cent of ecosystem services provided worldwide are in decline. The poor continue to have very limited access to energy services. Indeed, the number of people without access to modern energy services has declined only marginally over the last decades. Today some 1.1 billion people in developing countries still lack access to clean water and 2.5 billion lack access to modern fuel for cooking and heating. Adding to these challenges, climate change is a growing threat to livelihoods and development: droughts, floods and other weather-related events reverse development in many parts of the world.

118. In degraded environments women have to spend more of their time collecting water and fuel wood and children suffer more from respiratory and gastrointestinal diseases. Last year alone 1.8 million children died as a result of contaminated water supplies. Many community groups and ethnic minorities lack a voice in the management of shared resources and have little security of tenure over the land, forests and fisheries they manage. In all, local administrations have limited capacities to manage natural resources and provide services to the poor.

119. The UNDP goal in the area of environment and energy is to strengthen national capacity to manage the environment in a sustainable manner while ensuring adequate protection of the poor. Specific results have been identified to mainstream environmental and energy issues into development planning, mobilize finance for improved environmental management, address increasing threats from climate change, and build local capacity to better manage the environment and deliver services, especially water and energy.

D.1 Mainstreaming environment and energy

120. UNDP will continue to support capacity development for countries to ensure that environment and energy are taken into account in drawing up and implementing national policies, strategies and programmes. Such capacity will include the ability to conduct environmental and energy assessments and ensure broad public participation in policy articulation. UNDP will provide advice, methodologies and tools. Substantive support will be offered in the areas of land degradation (including support through the Drylands Development Centre), water governance and resource management, biodiversity and ecosystem services for development, chemical management, and energy service delivery, amongst others.

121. A central initiative to support environmental mainstreaming is the Poverty Environment Facility, a Nairobi-based unit that will build on UNDP and UNEP collaboration on the Poverty Environment Initiative. The Facility will provide technical products and services to regional offices to mainstream environment into national development planning, and extend services in the substantive areas mentioned above.

D.2 Mobilizing environmental financing

122. UNDP has lead in mobilizing financial resources for the environment in developing countries, largely from global environmental funds such as the Global Environment Facility (GEF). During 2004-2006 for example UNDP/GEF secured $2.8 billion in new commitments for environmental projects. But even these funds are not adequate to the needs. UNDP will use its financial and programme management expertise to put in place a broad programme of

environmental financing. This programme will develop new approaches to stimulating markets and payments for environmental services such as environmental funds, carbon markets, and markets for eco-system services, and other sources.

123. One UNDP initiative to increase environmental financing through developing environmental markets is the MDG Carbon Facility, launched in December 2005. MDG Carbon builds on the successful role of UNDP as a broker for GEF funding. MDG Carbon will identify and develop projects, mobilize co-financing, facilitate project approval and support project implementation as well as provide Kyoto Protocol-related services such as registering project design documents with the Clean Development Mechanism and accessing traders of Carbon Emission Reductions.

D.3 Promoting climate change adaptation

124. Evidence is mounting that development efforts are undermined by climate change: droughts, land degradation, degraded water supplies and biodiversity loss all pose a threat to development in general, and the poor in particular. Thus in addition to current UNDP support to countries in *mitigating* the effects of climate change (for example, through sustainable land management programmes), UNDP will increasingly assist countries in their efforts to *adapt* to climate change.

125. UNDP has a strong record of support to countries in this area. UNDP helped secure funding for preparing numerous Second National Communications, as required by the United Nations Framework Convention on Climate Change, and is developing national adaptation programmes of action in the 30 LDCs. The recently established Special Climate Change Fund and Least Developed Countries Fund managed by the GEF together with proceeds from the Clean Development Mechanism for adaptation will provide a solid financial basis for continuing work in the future.

D.4 Expanding access to environmental and energy services for the poor

126. Access to environmental and energy services are essential for poverty reduction and economic growth. The scaling up of environmental (such as water and other ecosystem services) and energy service delivery to ensure nation-wide coverage will require major institutional capacity development. This is especially true at the local level since service delivery is increasingly decentralized to local public authorities. UNDP will strengthen the capacity of local authorities to undertake participatory planning processes, assessment and adoption of effective service delivery systems. Building on extensive experience from the GEF Small Grants Programme and other initiatives, UNDP will assist local authorities to build the capacity of local agents including communities, NGOs, micro, small and medium enterprises, financial institutions and other private sector actors to manage and stimulate business and development benefits from environmental and energy service delivery.

E. Operational principles for development effectiveness

127. The opening statements of the United Nations Charter reaffirm, inter alia, "the faith of all member states in fundamental human rights, in the dignity and worth of the human person, and in the equal rights of men and women." These principles apply to all Member States, irrespective of their level of development. There is strong and consistent evidence that development effectiveness depends upon the recognition of human rights, the equal position of men and women and the right and capacity of citizens to engage in civic processes and to help shape the decisions that affect their lives. UNDP relies on a human rights-based approach, gender equality and women's empowerment, and civic engagement as core principles for all operational work.

128. The application of the three operational principles will be underpinned by stronger institutional arrangements, prescriptive content and budgetary allocations. A comprehensive strategy and operational plan with a performance framework for these principles will be in place by the beginning of the new programme cycle.

E.1 Human right-based approach

129. Universal human rights have always formed the normative framework for UNDP work. In view of the intrinsic, instrumental and institutional value of human rights for the organization, UNDP will further the realization of human rights as laid down in the Universal Declaration of Human Rights and other international human rights instruments through the application of the human rights-based approach to programming as developed in the "UN Common Understanding on a Human Rights-based Approach", included in the 2007 Guidelines on Common Country Assessment and the United Nations Development Assistance Framework.

130. Human rights principles and standards will be fully integrated into UNDP policies, programmes and processes with regard to all four focus areas. Capacity development for the application of the human rights-based approach will be enhanced and support to Country Offices will include the human rights-based approach in the formulation and implementation of new country Programmes. UNDP will also play an active or leading role in a number of specific global initiatives and partnerships within the United Nations family, including the Global Human Rights Strengthening Program and the United Nations-wide 'Action 2' programme launched in 2004 by 21 heads of United Nations agencies, programmes and funds.

E.2 Gender equality and the empowerment of women

131. The Millennium Summit of 2000 reaffirmed gender equality and women's empowerment as development goals and underlined their importance as a means to achieve the MDGs. UNDP will set clear targets and benchmarks for achieving gender parity and gender sensitivity in the workplace and by ensuring gender responsiveness in development programming. The organization will continue to build internal capacity to address gender dimensions in all work. Focus will be given to developing policy and measurement tools and indicators, regular monitoring and reporting, and advocacy. UNDP gender strategy for 2008-2011 will build on the three dimensions of the current Gender Action Plan (2006-7) to:

(a) Develop capacities, in-country and in-house, to integrate gender concerns in all practices areas and in global, regional and country programmes.

(b) Provide gender-responsive policy advisory services that promote gender equality and women's empowerment in all focus areas.

(c) Support specific interventions that benefit women and scale up and expand innovative models developed and tested by the United Nations Development Fund for Women (UNIFEM).

132. UNDP will work across practices and in partnership with other United Nations organizations on a range of specific initiatives aimed at helping national partners to: (a) Incorporate gender equality into MDG-based planning and monitoring, and apply gender-sensitive budgeting techniques; (b) Reduce violence against women and reduce the vulnerability of women and girls to HIV infection and the burden of care on them; (c) Expand women's participation in governance and decision-making processes and strengthen women's property and inheritance rights; and (d) Reduce time burdens on women and girls through mainstreaming gender into environment and energy policies.

133. UNDP, UNIFEM, UNFPA, UNICEF among other United Nations organizations have prepared a conference room paper that outlines collective efforts to promote gender equality and women's empowerment, and the unique role of each agency in this process, for discussion at the current session of the Executive Board.

E.3 Civic engagement

134. *Human Development Report 1993* defines civic engagement "as a process, not an event, which closely involves people in the economic, social, cultural and political processes that affect their lives." Civic engagement, which is not limited to citizen involvement through formal structures such as civil society organizations, connotes freely undertaken activities to address matters of public interest. When provided the freedom to operate and a platform for expression, civic participation can contribute powerfully to national development and ownership. A climate for civic engagement – fostered by legislation and policy measures – is one where citizens have the ability, the agency, and the opportunity to participate in different forms of civic activity.

135. In implementing this operational principle, UNDP will seek particular opportunities to strengthen civic engagement in fostering democratic governance, particularly the delivery of public services. It will work to facilitate and strengthen citizen participation in dialogue and advocacy with decision-makers on key policies to reduce poverty and achieve the MDGs, bringing the voices of the excluded as well as independent perspectives and innovative alternatives to policy debates. UNDP will facilitate civil society's key role in crisis prevention and recovery.

F. South-South cooperation

136. South-South cooperation is a proven approach to enhance development effectiveness. During 2008-2011, UNDP will continue the work of the Special Unit for South-South Cooperation as a United Nations system-wide coordinator, advisor to UNCTs and catalyst of South-South exchange mechanisms and institutional capacity development. The focus will be on four areas:

137. First, to 'mine' development experience. A number of middle-income developing countries have already achieved some of the MDGs, and other Goals are well within reach, so it is important to analyse their experience to identify the approaches and actions that brought success. UNDP will leverage its global reach to support broad knowledge and experience-sharing to boost other drives to the MDGs.

138. Second, to promote increased aid effectiveness, including private sector development. Middle-income countries have developed transferable, cutting-edge experience in foreign direct investment, appropriate technologies, development of information networks and centres of excellence, formulation of trade agreements, and participation in global trade negotiations. UNDP will bolster South-South cooperation between middle-income countries and the LDCs and promote South-South partnerships to reach the MDG goal for increased aid effectiveness.

139. Third, to support national capacities for South-South cooperation and coordination—Some countries have established institutional mechanisms in the form of units or focal points to harness and support opportunities for South-South cooperation and others look for support to develop similar mechanisms.

140. Fourth, to consolidate United Nations South-South support platforms. The aim is to scale up global support and enhance United Nations coherence and coordination.

141. In order to guide, monitor and evaluate the effectiveness of this strategy, the UNDP South-South Unit developed specific targets, which are: (a) increasing the number of national focal points that are actively engaged in the South-South cooperation network; (b) expanding regional networks of new development partners; (c) establishing a database in 2009 that collects best practices in South-South cooperation, and (d) increasing the number of regional and global mechanisms for private sector development.

VI. Managing for results: accountability, risk and resources

142. UNDP experienced strong growth from 2003-2006, with aggregate income levels increasing from $3.4 billion in 2003 to $5.1 billion in 2006. Most significantly this occurred in direct donor and multilateral contributions, in the form of other resources earmarked for themes, countries and/or specific projects. Within the overall growth, UNDP role in early recovery and its service provision to the United Nations agencies, funds and programmes has expanded. Substantial growth is expected to continue in these areas. With growth comes complexity. The number of funding sources, including trust funds, within UNDP has increased drastically over the last few years. UNDP has been entrusted with more resources to administer on behalf of the United Nations system. Though these are not considered direct contributions to UNDP, and thus are not counted as income, the estimated $5 billion to be administered in this regard during the strategic plan period will pose additional management challenges.

143. Moreover, the UNDP development and United Nations coordination priorities as outlined in this strategic plan require a sophisticated balancing act in terms of accountability, transparency, risk and results management and oversight, given the largely decentralized nature of the organization. Four areas discussed below will be central to meeting each of these objectives.

144. The management priorities described in this section focus on UNDP functions. The management priorities and functions for supporting United Nations system coherence are outlined in part 4 of this strategic plan.

A. Accountability framework

145. Greater accountability is first among UNDP management priorities. In response to earlier Executive Board decisions and in recognition of specific weaknesses within internal systems and procedures, UNDP is moving to quickly implement a robust accountability framework to guide all aspects of operations.

146. The framework will entail not only enhanced reporting to the Executive Board and UNDP partners to satisfy mandated obligations, but also internal monitoring of performance against plans and budgets, and compliance with UNDP operational policies and procedures.

147. The accountability framework will be built on a cycle of planning, performance monitoring and results reporting reflecting principles of ethics, risk management and learning. Priority components and deliverables for the planning period include:

(a) The strategic plan as the basis of the accountability framework

(b) Formally-documented functions, authority and accountability of the Executive Board and senior management

(c) An annual timeline for communications with the Executive Board and UNDP partners on: (i) external audit; (ii) independent evaluations and UNDP management response on implementation of recommendations

(d) The enhanced Atlas system that is in development and to be applied to all work units

(e) An enhanced integrated performance monitoring system with elements accessible to Board members and other stakeholders; The system will provide useful insights into the status of UNDP work in various areas and progress on achieving targets set in the strategic plan.

(f) An annual cycle quality review on accountability and identification of improvements required.

148. Additional information on these deliverables is provided in the sections that follow.

B. Enterprise risk management

149. UNDP is exposed to a broad range of environmental, financial, operational, programmatic, organizational, political, regulatory and strategic risks. Risk management is an essential element of good corporate governance. ERM is an important approach to proactively and systematically identify and manage risks and thus better achieve objectives while protecting stakeholder interests. Both internal and external audits of UNDP have continuously emphasized the risk management focus that is required in the organization. In line with this, UNDP has developed a corporate ERM framework consolidating its existing risk-management procedures and tools. It includes processes to implement ERM across UNDP planning, operational and management practices and processes, and integrates all elements of UNDP ERM activities into one system that facilitates strategic planning and decision making.

150. Some of the main ERM activities and performance targets for 2008-2011 include:

(a) Policy, guidelines, online portal (tracking of selected risk areas); tools and instruments developed and rolled out by 2008

(b) Mainstreamed in unit-level work planning (including corporate roles where applicable) starting in 2008

(c) Corporate training programmes by 2008.

151. A high-priority area of risk management concerns security. The increase of global threats and related risks to United Nations operations, and UNDP expanding involvement in post-conflict situations including early recovery, and the difficult operating environments for many programmes, requires greater vigilance and appropriate investment in measures designed to allow UNDP staff to accomplish their vital mission without becoming victims themselves. Security risk management includes raising awareness of security issues, ensuring that programme delivery can take place safely, maintaining internal capacity to respond effectively and immediately to security emergencies and leveraging UNDP resources and assets through structured cooperation with the United Nations Department of Safety and Security and partnership with other organizations.

152. Security performance targets for the planning period are based on: (a) Progressive efforts to achieve greater compliance with United Nations Minimum Operating Security Standards compliance criteria in all UNDP operations, based on solid threat and risk assessments; and (b) Security risk management mainstreamed into UNDP programming at all levels by 2009, coupled with an effective and timely security response mechanism for emergencies.

C. Resource management

153. UNDP has identified key resource management priorities to address concerns raised by internal and external audits as well as to better position the organization to handle growing financial responsibilities.

154. The priorities comprise three matters of specific concern raised by the United Nations Board of Auditors for the 2004-2005 biennium, namely: (a) risk management and unsatisfactory audit reports associated with national execution (NEX), (b) regular performance of bank reconciliation, and (c) key internal controls weaknesses.

155. The other five areas that require closer management attention include: (a) proper recording and accounting of assets; (b) rectifying weaknesses in Atlas; (c) promoting transparent and competitive procurement; (d) strengthening project design and cost recovery; (e) monitoring and evaluation. An initial report was presented to the Board at the 2007 first regular session on the measures that management is taking to address these and other audit concerns. UNDP will continue to provide the Board with timely and up-to-date information on the progress of these measures.

156. UNDP will participate actively in the United Nations-wide implementation of IPSAS[1] by 2010, further improving transparency throughout the United Nations system. The accountability for resources entrusted to UNDP includes keeping management and operational costs low in order to maximize real impact.

157. Key outputs and performance targets for 2008-2011 are:

(a) Substantial reduction in frequency of audit observations on NEX management, internal control framework application, bank reconciliation, financial reporting and procurement transparency

(b) Unqualified audit for UNDP

(c) Minimum 90 per cent implementation rate of audit recommendations.

D. Integration of planning, budgeting, performance and human resource management

158. Results of UNDP activities are delivered primarily at the country level. The country office capacity is most important for UNDP to deliver results in conjunction with United Nations partners. To strengthen accountability for results, UNDP must re-align itself in key dimensions:

159. The strategic plan, 2008-2011, includes an integrated financial resource framework covering development and management activities funded from both regular and other resources. This framework is further elaborated upon below. The resource alignment reflected in the strategic plan is supported by two distinct resource frameworks that are submitted to and considered separately by the Executive Board – the Programming Arrangements Framework 2008-2011 and the biennial support budget, 2008-2009. These frameworks are inextricably linked. Comprehensive and results-based operational plans at the unit level, derived from the strategic plan, drive the allocation of resources. Thus the alignment and integration of the strategic plan with the aforementioned resource frameworks and operational plans provide for coherent planning, budgeting and reporting on the allocation and utilization of resources in line with planned results.

160. The Programming Arrangements Framework is the UNDP regular resource funding framework that supports the development objectives and United Nations system coordination results reflected in the strategic plan. Top priority is given to the allocation of resources to low-income countries, with emphasis on strengthening national capacities in support of achieving the

[1] IPSAS represents a set of independently developed accounting standards which are considered the best accounting practice by international organizations for the public sector. The adoption of IPSAS is a major step forward in harmonizing business practices within the United Nations system.

MDGs. The biennial support budget represents management plans for implementing and supporting UNDP activities and support to the United Nations system. With the introduction of results-based budgeting in the 2008-2009 biennial support budget, management activities are planned and resources allocated for the first time based on results.

161. Key outputs and performance targets for 2008-2011 include:

(a) Classification/attribution of all resources in line with: (i) support to United Nations system-wide coordination; (ii) UNDP programmes and development effectiveness; and (iii) management functions

(b) Results-based budgeting implemented through the biennial support budget

(c) Enhanced flexibility in the allocation of development resources

(d) Annual work plans aligned with the strategic plan.

162. To enhance the delivery and effectiveness of UNDP work, human resources have to be aligned with the needs of the organization. UNDP will strengthen strategic human resource management so that skills mix and staff capacity mirror corporate requirements. UNDP current demographic makeup indicates a very high retirement rate over the Plan's course: succession planning, talent management, career development and staff "re-tooling" warrant special attention.

163. In line with the focus on accountability, and the need to institutionalize this in the human resource management system, an ethics function and ethics training will be introduced. Strengthened learning, especially in the substantive programmatic areas and in leadership and management skills, will enhance staff capacities to effectively implement the strategic plan.

164. Some key outputs and performance targets for 2008-2011 include:

(a) Competency needs framework completed and rolled out by 2008

(b) Succession planning framework implemented by 2008

(c) Gender and diversity benchmarks in place and targets achieved

(d) Implementation of a learning strategy addressing strategic plan priorities as well as management and leadership skills training

(e) Professional development and certification programmes available and implemented in functional areas by 2009.

165. The strategic plan offers performance-based indicators for monitoring the three dimensions of UNDP work: development, coordination, and management. This is the basis for a monitoring and evaluation framework of the strategic plan. Tools already in place will be consolidated and refined to establish an integrated and coherent system to support results management throughout the organization, aligned with the strategic plan. The information management system will enable the organization as well as partners to access, interpret and analyze the same set of data, thereby enhancing transparency.

166. UNDP will continue to leverage knowledge and technology for development results. The current Enterprise Resources Planning (Atlas) system environment needs to be further geared toward results management.

167. Key outputs and targets include:

(a) Fully integrated results management system launched in 2008

(b) System rolled out to all UNDP business units by 2009.

(c) At least 50 per cent of staff report active involvement in knowledge networks by 2011.

VII. Integrated financial resources framework

168. The strategic plan is aligned with the four-year programme budget (referred to as the programming arrangements) and the two-year support budget (referred to as the biennial support budget). This means that the Board and other stakeholders will be able to see a clear link between the strategic priorities outlined and the resources required for achieving them. The plan includes regular and other resources. This will provide greater transparency on the use of all UNDP resources.

169. The Integrated Financial Resources Framework represents the overall funding target for the strategic plan encompassing the resources that are contributed directly to and managed by UNDP (UNDP resources), as well as the resources that are administered by UNDP on behalf of the United Nations system (United Nations resources). UNDP resources directly support established organizational development objectives and management priorities, as well as the UNDP role in coordinating United Nations development activities. United Nations resources are entrusted to UNDP in its role as administrative agent for the United Nations system, and passed through to other United Nations entities.

170. UNDP resources are composed of regular and other resources. Regular resources represent contributions to the UNDP core budget which follows the criteria and appropriations established by the Executive Board. Other resources are comprised of contributions earmarked to themes, countries, regions and/or specific projects, and are broken down into three distinct categories based on their source, namely, bilateral donor contributions, multilateral contributions and resources provided by programme countries for local development activities.

171. The adoption by the Executive Board of the regular resource target represents a consensus around the desirability of reaching an aggregate level of regular resources that is adequate to meet the objectives and priorities of the strategic plan. In contrast, targets for other resources represent an estimate of the total amounts of resources likely to be made available to UNDP as the result of many individual donor decisions on the allocation of resources specific to themes and countries. Both types of resources form an integral part of the strategic plan and should be fully aligned with established organizational objectives.

A. UNDP resource projections

172. Total UNDP resource projections for the 2008-2011 period amount to $20.6 billion, or an average of $5.15 billion a year. The nominal growth in total income from the mid-point of the 2004-2007 MYFF cycle ($5.02 billion in 2005) to the mid-point of the strategic plan cycle ($5.15 billion in 2009) is expected to be $0.13 billion, only a 2.5 per cent nominal increase and therefore a decrease in real terms. Despite marginal change in total income estimates, the projections under the four UNDP resource areas reflect significant structural transformation expected as a result of streamlining programmatic priorities, the greater UNDP role as a conduit of support to United Nations development activities, and phasing out of sectoral project activities falling outside of the UNDP business model.

173. The elements of the UNDP total resource envelope and projections in nominal terms follow.

A.1 Regular resources

174. Regular contributions to UNDP are projected to reach $5.3 billion ($1.1 billion in 2008, $1.25 billion in 2009, $1.4 billion in 2010 and $1.55 billion in 2011). The average annual target is derived from a comprehensive examination of the forward-looking regular resources requirements in the Executive Board-approved country programme documents (CPD)[2], as well as from the requisite biennial support budget projections. The estimate of total programmatic demand for regular resources was subsequently adjusted in line with the stated objectives and priorities of the strategic plan. The adjustments included phasing out certain thematic activities and service lines, as well as the strengthening of strategic plan results areas of proven UNDP comparative advantage and value added.

175. Regarding the projected growth of the other resource components described below, the proposed target was adjusted to reflect the requisite shift of bilateral other resource contributions to regular resources. This assumption is based on the need to address in practical terms the increasing imbalance in the regular to other resource ratio, and to begin equalizing their respective growth dynamics. Embedded in this compensatory approach is the assumption that LDCs, who do not always benefit from the growing other resource flows, would ultimately stand to gain from such a shift.

176. While the strategic plan target for regular resources represents a marked increase of $1.5 billion in nominal terms over the $3.8 billion base in the 2004-2007 MYFF, the real increase[3] will be considerably more modest at $0.8 billion only. In the same vein, the projected increase from end-of-cycle MYFF target in 2007 to end-of cycle strategic plan target in 2011 will amount to $0.45 billion in nominal terms, or $0.20 billion in real terms.

A.2 Other resources: bilateral donor contributions

177. Co-financing in the form of cost-sharing and trust fund contributions by bilateral donors are projected at $5 billion during the 2008-2011 period, or an average of $1.25 billion a year. The projection represents a nominal decrease of $ 0.1 billion over the cycle, from $1.3 billion in 2008 to $1.2 billion in 2011. The projections represent a net reduction in nominal and in real terms. The marginal decline in this category takes into account the projected shift of bilateral other resources to the regular resource category and the rapid increase in joint programmes administered by UNDP on behalf of the United Nations system (which are not recorded as UNDP income).

A.3 Other resources: multilateral contributions

178. Contributions from multilateral partners are projected at $5.5 billion in 2008-2011, or an average of $1.37 billion a year. This represents a minor increase from $1.35 billion in 2008 to $1.4 in 2011. In real terms, the multilateral other resource contributions are projected to decline from $1.18 billion in 2008 to $1.09 billion in 2011. The reduction reflects the projected composition of the UNDP non-bilateral portfolio and the likely decrease in the Global Fund to Fight Aids, Tuberculosis and Malaria component.

[2] Taking CPDs linked to UNDAFs as the best available proxy for country-level demand, a sample of 76 countries was identified based on the criteria that at least one of the years covered by the respective CPD fell within the Strategic Plan period (2008-2011).

[3] Real increase is expressed in constant 2004 dollars with forward-looking targets adjusted by a discount factor of 4 per cent, per year.

A.4 Other resources: programme country government contributions

179. Programme country co-financing contributions are projected at $4.8 billion for the 2008-2011 period, or an average of $1.2 billion a year. In line with the observed trend at the end of the present MYFF cycle, this component is projected to decrease from $1.25 billion in 2008 to $1.15 billion in 2011. In real terms, the projected reduction translates into a decrease from $1.1 billion in 2008 to $0.90 billion in 2011. This portfolio is expected to undergo a significant transformation reflecting: (i) stricter alignment with UNDP focus areas; and (ii) geographic diversification in programme country co-financing portfolios. Loan implementation projects that fall outside of UNDP focus areas will be gradually phased out. Wherever appropriate and cost-effective, portions of this portfolio will be handed over to United Nations specialized agencies, funds, and programmes with relevant mandates.

B. United Nations resource projections for UNDP administration

180. Total United Nations resource projections for the 2008-2011 period amount to $5 billion, or an average of $1.25 billion a year. These resources are administered by UNDP in support of United Nations system country programmes and activities, and primarily take the form of multi-donor trust funds and other pass-through joint programmes. This category of resources has grown exponentially since 2005, and is expected to expand over most of the 2008-2011 period.

C. Use of resources

181. The use of UNDP regular and other resources for the period 2008-2011 will be aligned to the strategic plan, with the following distinctions among four regular resource-funded budget lines: (a) Programme resources (UNDP operations) administered through the programming arrangements; (b) Development effectiveness support (administered through the programming arrangements; (c) United Nations coordination administered through the biennial support budget; and (d) Management administered through the biennial support budget.

182. The draft strategic plan precedes and informs decisions on the programming arrangements and the biennial support budget.

183. It is important to identify the overall directions that will guide the process in the coming months until the final approval of the biennial support budget for 2008-2009 anticipated at the 2008 Executive Board first regular session. It should be noted that the numbers provided in this section are indicative and subject to confirmation. Following are the proposed directions for UNDP regular resources.

C.1 Programming arrangements and support budgets

(a) Maintaining the current classification of countries (low income, middle income, net contributor) on the basis of indexed classification thresholds of Gross National Income (GNI) per capita. This will take into account shifts in relative growth, priority of target for resource assignment from the core (TRAC) funding for countries with lower per capita income, and to ensure continued work in middle income countries according to existing development gaps.

(b) Maintaining the current distinction between fixed lines and variable lines whilst transferring costs associated with development effectiveness currently funded from the biennial support budget to the Programming Arrangements. Development effectiveness would thus encompass programme development and policy development requirements at the global, regional and country levels, including those already captured under the current Programming Arrangements

(c) Maintaining the key features of the TRAC allocation methodology whilst: (i) Adjusting for updated GNI per capita and population data (TRAC 1); (ii) Focusing and simplifying the allocation of resources in support of TCPR-guided capacity development and decreasing the administrative burden for implementation at country level (TRAC 2); (iii) Ensuring a balance between TRAC 1 and TRAC 2 allocation levels.

(d) The preparation of the biennial support budget should meet three conditions: (i) Enabling the implementation of the strategic plan, after discussion and approval by the Executive Board; (ii) Responding to the requirements for results-based budgeting (RBB), with the necessary adjustment in the classification of costs; (iii) Harmonizing, where applicable, with UNICEF and UNFPA on RBB as well as on the timing of decision-making by the respective Boards.

184. The following overall directions will be pursued.

(a) Apportioning resource growth to ensure a maximum possible allocation for programming arrangements with minimum necessary provisions to fulfil management functions. This is based on the assumption of adequate donor contributions and/or burden-sharing arrangements between agencies, funds and programmes – guided by a consistent effort to:

(i) Prioritize additional resource allocation for programme expenditures over management expenditures, with overall proportion of resources for programmes remaining at current levels or increasing; (ii) Ensure that the allocation of additional resources is sufficient to support strategic plan objectives, taking into account the short-term emphasis on building the necessary infrastructure for United Nations coordination.

(b) Targeting over a two-year period (2008-2009 as compared to current expenditure levels 2006-2007) a real growth of total regular resources of approximately 30 per cent (from $ 1.687 billion to $ 2.0-2.1 billion).

(c) Estimating over a four-year period (2008-2011) an overall availability of regular and other resources (in nominal terms) of around $20.5 billion, with an estimated allocation of approximately $18.5 billion for programmes and development effectiveness functions; and approximately $500 million for United Nations coordination and $1.5 billion for management functions.

185. UNDP will continue to administer other resources derived from bilateral, multilateral and programme country contributions, aligning programme direction with the strategic plan and stated donor and programme country purposes. The costs of associated management and development effectiveness functions will be met through the application of UNDP cost recovery policy.

VIII. Monitoring, evaluation and reporting

186. The strategic plan outlines performance indicators in all three areas of UNDP work: management, coordination, and programming. In relation to management and coordination the majority of performance targets relate to results for which primarily UNDP is accountable. On the coordination side, there are processes and initiatives that will require joint or collaborative effort with other United Nations organizations and the targets in these areas should be seen as purposeful rather than strictly controllable. Development indicators also reflect the shared efforts of governments, national stakeholders and development partners.

A. Monitoring and reporting

187. With regard to programmes, UNDP will continue to be guided by the Paris Declaration. The main outcomes must be nationally owned, and, as such, the first line of accountability rests with

national authorities. UNDP is to make contributions to these outcomes and its chief accountability must therefore be for its contributions to development impact. UNDP on-the-ground performance should be assessed first at the country level as part of a joint process with governments and other partners, and second at the corporate level by senior management and the Executive Board based on monitoring and evaluation data. UNDP is directly accountable for the corporate services and global and regional programmes that support country programmes.

188. Annual performance data will inform the ongoing management review of performance to ensure that the organization remains on track regarding objectives. A sub-set of this data will be used for reporting to the Executive Board on a biennial basis. All UNDP country programmes will be required to hold at least one joint portfolio review annually with governments and other stakeholders at the national and local level.

189. Reporting to the Executive Board will centre on the strategic development priorities and key coordination and management initiatives for the cycle. UNDP commitment to providing more strategic and results-oriented information in future reports to the Board is facilitated in part by the decision to more closely align the evaluation plan to the strategic plan, and to, on a rotational basis, conduct thematic or strategic evaluations in areas where UNDP is considered to have a leadership or significant role in influencing development results at the global and country levels. It is also facilitated by the wide array of internal monitoring tools that are currently in place, including the Balanced Scorecard, Atlas, and the Partners Survey, among others. As described in the management section of this strategic plan, these tools will be improved to meet the requirements of the plan and the wider management needs of the organization. Risk management indicators are also being incorporated in the overall system.

190. In addition to the biennial report on performance, the Executive Board will have access to: (i) Annual reports by the Administrator which include performance data; (ii) Evaluations undertaken for country programmes nearing the end of their cycle and before the development of new programmes; (iii) Annual assessments of development results done by the UNDP Evaluation Office, and other independent strategic and country-level evaluations; and (iv) the donor tracking website, which will facilitate monitoring of donor contributions to UNDP.

191. All evaluation in UNDP is conducted in accordance with rules defined in the Evaluation Policy. The policy was developed and endorsed by the UNDP Executive Board at the 2006 annual session, and is consistent with General Assembly resolution 59/250 and the norms and standards for evaluation set by the United Nations Evaluation Group of April 2005.

B. Decentralized evaluation

192. Decentralized evaluations are planned, commissioned and used by UNDP programmatic units. All units are required to develop a monitoring and evaluation plan with partner governments and key stakeholders as an integral part of the programme planning process. All units managing global, regional and country programmes are required to make the monitoring and evaluation plan available to Executive Board members, as an annex to all programme documents submitted for approval.

193. The timely implementation of mandatory outcome evaluations serves as the basis for evaluation compliance. The programme units are responsible for entering the plan in the Evaluation Resource Centre and updating the status of evaluations. Units exercising line oversight monitor evaluation compliance based on the conduct of planned outcome evaluations.